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Credit and the Credit System*

HON. THOMAS P. GORE, United States Senator for Oklahoma

I realize that in addressing an association of credit men on the subject of "Credit" I am not only guilty of carrying coals to Newcastle, but I am carrying gold to Ophir and diamonds to Golconda. There is nothing either new or illuminating that I can say to you upon the history, theory or the philosophy of credit.

I appreciate the danger of employing figures of speech in discussing an economic question or in discussing any other subject which requires considerable accuracy. By a sort of accepted metaphor, money has been likened unto the blood in the arteries of trade and commerce. With equal propriety we may characterize credit as the very breath of the life of modern business. Judged by its manifestations, credit in the commercial world bears an even more striking resemblance to electricity in the physical universe. Electricity is subtle, is unsubstantial, invisible, impalpable, imponderable, whatever that train of adjectives may mean. Electricity is a force so deft that it may operate the most delicate "instruments of precision," a force so tremendous and universal that it holds the fixed stars in their places and binds the wandering planets to their appointed courses.

Credit is silent, subtle, unsubstantial. It is imperceptible to the senses, and yet credit is a force, a commercial force, so slight that it cares for the smallest transaction on the retail counter, and is a force sufficient to finance embattled nations distraught with blood and war.

What is this thing credit? What is this thing so subtle that it eludes sight, touch and feeling and yet is so mighty that without it the modern business world itself would dissolve like the unsubstantial fabric of a vision and leave scarcely a track behind?

Credit is a promise to pay. That is the vital spark, the vital principle of all credit. The simple promise to pay is the germ from which the credit system with all its delicate adjustments, with all its stupendous strength, has been evolved.

A credit transaction is the present transfer of a thing of value in consideration of a promise equivalent to be rendered in the future. Futurity is one of its essentials, as confidence or security is another of its essentials. But the credit system itself is not to be identified with credit. The credit system involves the modes or methods of

* Addressing New York Credit Men's Association Meeting, January 25, 1916.

conducting credit transactions and payments, and it may be said to include the various agencies and institutions which have been devised for carrying on and facilitating such transactions and payments.

Personal credit or confidence in a limited form may exist in the rudest society, but a credit system is one of the distinguishing characteristics of a highly organized commercial society.

Is credit capital? Are debts wealth? Is a promise to pay either capital or wealth? Are the instruments of credit themselves wealth? This is a much controverted question. I do not mean to decide it *ex cathedra*. I may say in passing that if the instruments of credit are not wealth, they bear a very marked and striking resemblance to wealth. Mr. McLeod declares with great emphasis that credit instruments are not only wealth, but that they constitute one of the most important categories of wealth. Mr. Price and others insist with equal emphasis that credit instruments are not wealth, that they are mere claims to wealth, that they are representatives of wealth. It seems to me that Mr. Seligman has indicated the distinction with scientific precision. He says that while credit instruments are not wealth in the strictest sense of the term, they are in the strictest sense of the term property. Property involves a legal conception, the idea of exclusive ownership and appropriation, a right taken cognizance of by the law and, like wealth, capable of exchange, of being bought and sold. But it can hardly be insisted that if each of seven hundred men should execute his promissory note for \$100 to his neighbor sitting on his right and on his left there would thus be created \$1,400,000 of wealth. Nor can it be insisted that by passing a single one hundred dollar bill from hand to hand and liquidating these promissory notes there would thus be extinguished and annihilated approximately a million and a half of real wealth in the twinkling of an eye. It can hardly be maintained that the New York Clearing House daily extinguishes millions and yearly extinguishes billions of actual wealth. Property rights can be thus created and extinguished, but not capital, not wealth. But waiving aside this distinction, the importance of credit in the business world can hardly be over-estimated, can hardly be over-stated.

The commercial and industrial history of mankind has been divided into three great epochs: The age of barter, the age of money and the age of credits. The history of every civilized country indicates that it has passed through this evolution. Even to-day in different quarters of the globe, we see people in each of these different economic stages or in course of transition from one unto the other.

Barter is the first and the simplest form of exchange and even barter is preceded by a system of voluntary presents, the exchange of gifts. In course of time it came to pass that these reciprocal presents were expected to be approximately equal in value, and neglect on the part of a barbaric trader to observe this tenet of commercial morality led to the first commercial war, to retaliation and bloodshed. We and other commercial nations are in the full blaze and splendor of the credit age. Ninety-five per cent. of all

commercial transactions are carried on by means of credit rather than cash. Excluding the retail business, 99 per cent. of payments, 99 per cent. of commercial transactions are carried on not in cash but through the instrumentality of credits.

It is said that the great naturalist, Cuvier, could from a single fossil bone of an extinct species of animal reconstruct the framework of an individual of the species. This was due to his knowledge of the animal organism. An economist and jurist of equal skill could take the commercial laws and customs of an extinct people, of a forgotten nation, and determine with marked precision the stage of its progress and the state of its civilization.

A system of credits implies certain conditions as precedent, as prerequisite to or as coincident with its very existence. A credit system implies stability of capital, machinery for the collection of debts or the punishment of defaulting debtors. The credit system implies the existence of ethical standards, a sense of obligation and responsibility, of confidence between man and man.

Herbert Spencer has said, with truth, that in a society "where every man is thief or liar" credit would be an impossibility, borrowing and lending would be unknown. So that the existence of a credit system proves the existence of comparatively high ethical and commercial standards. The telltale ruins of ancient Babylon render up her commercial secrets and her commercial history. She had a system of credits and banking institutions. Promissory notes, bills of exchange and insurance were common commercial agencies and practices amongst her people. This demonstrates that she had a highly organized state of economic society.

Within the limits and conditions which I have enumerated, the history of the rate of interest indicates the ratio between the supply of capital and the demand for capital, indicates the prevailing condition as to prosperity or depression, indicates the peculiar hazard incident to a particular business or of a particular individual in a given transaction. This is a most illuminating and significant history.

In ancient Greece the rate of interest ranged from 12 to 18 per cent., and the rate of interest in maritime transactions was allowed to mount up to 33 per cent. I take this as conclusive proof that John Skelton Williams was not Comptroller of the Currency in ancient Greece.

In Rome the Law of the Twelve Tables fixed the rate of interest of 12 per cent., 1 per cent. a month. All legal interest was afterward entirely prohibited, at least for a time, and during that time usury ran riot. Under the reign of Augustus Cæsar the prevailing rate was only 4 per cent., a period of remarkable peace and security. Under Justinian's Code, adopted in the sixth century, the rate of interest which persons of wealth were allowed to charge was only 4 per cent., six per cent. was the legal rate. Merchants might be charged as much as 8 per cent. and in maritime transactions as much as 12 per cent.

For centuries the church through the canonical law undertook to prohibit and penalize interest and usury. The laws of economics and the demands of commerce were in constant warfare with these

ordinances. Several centuries elapsed before the charging of interest was legalized by act of parliament. The effort to prevent or regulate interest was little more successful than the effort to regulate prices by law. English history and experience upon these points demonstrates the difficulty of fixing interest rates, prices, wages or profits in contravention of the law of supply and demand. Without wearying one's patience with an enumeration of dates and rates, let us look at two or three examples. About the year 900 under the reign of Alfred the Great, a law was promulgated prohibiting usury. A similar law was promulgated in 1050 under the reign of Edward the Confessor. Not until the reign of Henry VIII, about 1545, was interest formally and generally legalized. This act was repealed under his successor, Edward VI, but was again re-enacted in 1571, under Elizabeth. The rate was 10 per cent. This rate was reduced in 1624 to 8 per cent. It was reduced to 6 per cent. in 1660 and about fifty years later was reduced to 5 per cent. I believe that continued to be the legal rate until about 1867, with certain exceptions and limitations. The regulation of interest must be justified upon the presence either of actual or potential monopoly or monopoly power.

We too have our interest and usury problems here in the United States. I suppose such problems always have been with us; perhaps they always will be with us, but rates of interest ranging from 25 to 2100 per cent., as recently revealed by the Comptroller of the Currency, can hardly be characterized as legitimate banking. A risk which demands such a rate of interest is not banking, but gambling, and legitimate borrowers should not be fined to insure transactions involving so high a hazard.

The Koran forbade the followers of Mohammed charging or receiving interest. "They who devour usury shall not arise from the dead," said the prophet of Allah. This interdiction of interest is one of the principal factors explaining the universal industrial and commercial stagnation which prevails wherever Mohammedanism prevails. That ordinance takes away the incentive to economy and thrift. It takes away the opportunity for investment. It takes away the possibility of profit. The Mohammedan hoards his money. He buries his gold and buried treasures bear no fruit, no golden apples of the Hesperides. They are as barren as the accursed fig tree. Until socialism comes interest and profits must continue to be in the future, as they have been in the past, one of the chief incentives to economy and thrift, to industrial progress and commercial prosperity.

Credit surcharges capital with efficiency; it woos hoarded treasure from its hiding place. It gathers up bits of capital too small to be used separately and on their own account. It transfers capital from those who are content with mere investment to those who desire to engage in productive enterprise and industry. Credit affords talent the benefit of capital and opportunity, and affords society the benefit of talent. Credit abolishes the difference between the past, the present and future tenses. Credit enables the present to lay under contribution all the accumulated capital of the past, and even the anticipated earnings of the future. One of the greatest achieve-

ments, one of the greatest miracles ever wrought by credits, in my own judgment, is the simple credit unions which have been established in the continental countries of Europe. The Schulze-Delitzsch System in the industrial centers enables men without business reputation, without commercial rating, without assets, to avail themselves of their potential credit. The needs of the farmers and agricultural laborers are supplied in Germany through the Raiffeisen Banks, and in other European countries through similar institutions. In Italy they have instituted a system of people's banks under which honor loans are made, made to men in the most necessitous circumstances, men who have no resources excepting the skill of their own hands and the honesty of their own hearts. The percentage of loss in these institutions has been remarkably low. It shows how human nature and human hearts respond to confidence, how trust inspires worthiness of trust, how faith begets fidelity. The weakest point in our own credit system is the want of some such system of rural credits to accommodate the farmers of our country. The farmer borrows money on short time and at high rates of interest, generally running from five years to ten years. He can not pay the principal and interest of the loan out of the earnings of the farm during that period. Such a system of farm financing is essentially, is fatally defective. We need a system of long time loans at low rates of interest with the amortization method of payments, such as has been established with such marked success in the continental countries of the old world. But this problem is capable of solution. It will be solved.

The more perplexing puzzle is the tenant farmer, the man without land, without home, without stock, without, in many instances, farm implements, without any dower save his brain and brawn. My friends, I commend him to your consideration. He is entitled to the benefit of your experience and reflection. The man who devises a credit system that will meet his situation, that will vitalize his potential credit, will earn for himself a niche in that temple consecrated to the benefactors of mankind, alongside of Wallenberg and Lucetti, the friends of the friendless in Italy.

Not only is credit able to assist the poorest of the poor, the weakest of the weak to bear his burden with less difficulty, but it is sufficient to enable the strongest to bear their burdens with greater facility. Let me illustrate. In the United States our stock of gold to-day aggregates two billions two hundred millions. Our national indebtedness is equal to one-half the country's stock of gold. National, state, county and municipal indebtedness in this country aggregates two and one-half times the total gold supply. The bonded indebtedness of the railroads is five times this stock of gold. Private indebtedness, individual and corporate, excluding current accounts, is nineteen times the entire gold supply of the entire United States. At the breaking out of the European War the public indebtedness of the forty-six leading countries of the world aggregated forty-four billions of dollars, perhaps five times the entire stock of gold in all the civilized world. I say this to illustrate the strength, I might say the miraculous strength, of credit and of the existing credit systems throughout Christendom.

This brings me to the consideration of the point that it is our ambition to become a creditor nation. This is not an unreasonable ambition. The United States has a right to aspire to become the financial premier in the financial federation of the world. There are certain conditions which are essential to render any country a creditor nation. One of these is an accumulated stock of available capital. In addition to this one or the other of the following conditions must obtain—either the resources of the lending country must be relatively well developed as contrasted with the undeveloped resources of the borrowing country, or else the borrowing country must be driven by some imperious, some over-powering necessity into the money market.

The United States is advancing credit or capital to the South American states, because our resources are more fully developed than theirs. The United States is lending to the stricken nations of Europe because they are driven by uncompromising necessity into the borrowing market.

I might say this in passing, that Great Britain was the creditor nation of the world because she had a vast accumulation of capital, because her resources were relatively well developed in comparison with the young and developing countries of the globe. I do not mean to introduce the tariff question here, but unless all nations are protected and other conditions are equal, the country having the lowest tariff will have the greater advantage, because debtor nations will insist upon borrowing in those countries where a dollar's worth of their goods will pay a dollar's worth of their debts. We reflect with some pride upon the fact that the American dollar has, at least temporarily, come to be the international unit of account. If we can perpetuate this policy it is of course desirable to do so. Perhaps it would foreclose forever the consideration of that question which was agitated some four or five decades ago, the question of an international unit or system of coinage, an international money of account, an international unit of value—I do not refer to bi-metallism. It would of necessity be a gold coin and part of a decimal system. It is almost too much to hope that other nations will acquiesce in the acceptance of the American dollar as the standard of international commerce. The establishment of such a unit of value and money of account to measure international payments would greatly simplify political arithmetic and facilitate international exchange. I throw this out merely as a suggestion. It may be one of those elusive mirages of the financial desert which we might pursue without overtaking unto the end of time.

The clearing house is one of the highest forms and phases of commercial evolution. I am not sure that the clearing house is not capable of development in two directions. In the direction of individual clearings. Such a system of clearings was of great consequence during the great commercial fairs of the later middle ages. I do not mean to trek backward to the middle ages, but the experience of every time and of every clime should be made to shed its light upon the present and its problems. I am not sure that the clearing house is not capable of development in the direction of international clearings, the balancing of international debts, the cancellation of

international credits. But this is merely another conundrum propounded by an amateur to experts.

These are some of the possibilities of the credit system. But the system with all its advantages and possibilities is not without its danger. We have a rather complicated and intricate system of distribution. Some have characterized it as wasteful. There are two or three or four links in the chain of credit extending from the producer or the manufacturer, on the one hand, to the ultimate consumer upon the other. The risk increases with each additional link. Reducing the number of links would reduce the risk and would increase the security. I commend this problem to your consideration because you credit men stand as sentinels and as guards to protect the rest of society against dangers of this description.

Confidence is the soul of credit, and when credit loses its soul evil may follow. I refer to speculation when it runs riot. Periods of excessive speculation seem to return in cycles. This is not a mere coincidence, not a mere matter of fortuitous chance. Nor is it due, as Mr. Jevons contended, to the spots in the sun (laughter). It is due to a deep-seated law of psychology, a deep-seated law of human nature, a disposition to buy upon a rising and to sell upon a falling market. Time being an element, these cycles come and go and come again. The credit man will be the first to exhibit the danger signal and to warn society against evils of this description. It can not be unknown to you that there are those who have charged or feared the existence of a money trust, or, to use a fitter name, a credit monopoly in the United States. I need not say that such a trust, that such a monopoly would be the worst possible form of monopoly or trust. It would be at once the patron of all existing combinations and the enemy of all new and competitive enterprises. It would smother all such enterprises in the cradle. Any man of character, of assets, with a reasonable prospect of success has a right to credit without being obliged to consult his rival or competitor.

We ought to erect every safeguard against the establishment of a credit monopoly in the United States. We ought to insist upon the democratization of credit. To this end the Federal Reserve System has been installed. It will serve to accomplish this end and it will also serve as a protection against the occurrence of crises and commercial panics.

The commercial panic or crisis is one of the dangers and disadvantages inseparable from a credit system. Gout is an infirmity of high life and insanity is a disease of rational beings. The commercial crisis is one of the diseases, one of the dangers incident to a highly developed credit or commercial system.

Pardon the digression for a moment. Panics have come in all commercial countries, in all epochs of history. A serious panic occurred in Rome in the year 33 of the present era. That was the year of the Crucifixion. I allude to that merely as a coincidence. In the year 32 Seuthes & Son, leading merchants of Alexandria, failed. Their failure was due to the loss of three richly laden spice ships in a hurricane on the Red Sea. They had also suffered reverses in their caravan trade with Ethiopia, owing to the decline in the

value of ivory and ostrich feathers. Soon afterwards the firm of Marcus & Company of Tyre, went into bankruptcy. Their failure was due to embezzlement on the part of a freedman manager and to a strike upon the part of certain of their Phœnician employees. They had obtained considerable credits from the banking firm of Quintus Maximus & Lucius Vito, of Rome, situated on Via Sacre, the Wall Street of that ancient metropolis. When it became noised abroad that this bank was involved, a run on the bank ensued. This involved still another bank, that of the Brothers Pettius. The two banks closed their doors on the same day. This was followed by another failure in Rome, by the failure of the leading bank in Carthage and the leading bank in Corinth, the failure of two banks in Lyons and the failure of a bank in Byzantium, the modern Constantinople.

The panic ran riot. A courier was sent to Tiberius, then in his retreat at Capri. After four days the courier returned. The Senate assembled post haste and an immense crowd thronged the Forum. It is said that millionaires and beggars jostled each other in their efforts to receive the tidings from the Emperor. Tiberius directed that 100,000,000 sesterces be taken from the public treasury and deposited with the embarrassed banks with directions that they lend to the neediest on three years' time without interest, but upon double security. This relieved the stringency, confidence returned and business was resumed.

How like the daily dispatches of 1893 and 1907 read these passages from Tacitus and Suetonius. Every commercial country must calculate at least upon the possibility of commercial panics and crises.

Let me now refer briefly to the humanities of the commercial system. In ancient times the laws regulating the obligation between debtor and creditor were of the most rigorous character; they were severe; they were cruel. In Greece the creditor could sell his debtor and his family into slavery. That custom was abolished by the Code Solon. Under the Roman law the creditor could not only sell his debtor into slavery but he had the power of life and death over an unfortunate debtor.

Imprisonment for debt prevailed in England until 1844. The first state to abolish that policy in the United States was Pennsylvania in 1790. New York began its abolition in 1831, showing the progress of a more humane and enlightened spirit.

Bankruptcy laws have been extended in scope and humanized in their effects. The bankruptcy law has prevailed in England for more than three and a half centuries. There have been four bankruptcy statutes in the United States, one in 1800, the next in 1841, the next in 1867, and the last in 1898. These statutes have undoubtedly oftentimes been used and abused as a refuge for undeserving and fraudulent debtors, and yet after all they have been a sort of legal and judicial answer to the prayer: "Forgive us our debts as we forgive our debtors." They have said to the erring and unfortunate debtor in the language of the Nazarene: "Go and sin no more."

Perhaps the first bankruptcy statute—or establishment, perhaps I had better say, was the great temple to Diana in the ancient city of Ephesus. The impecunious, the necessitous debtor who could

find refuge in the precincts of this sanctuary was afforded protection against the wrath and vengeance of his pursuing creditors.

It requires no prophet to tell or to foretell that we are coming upon better times, that, barring the European war, the commercial and industrial and financial progress of the world was never more promising. The morning star of a new time is already twinkling upon the brow of the eastern horizon.

The credit system has done much to build up and maintain higher ethical standards, has done much to inculcate a sense of obligation, a feeling of responsibility. We must continue to insist upon honesty for honesty's sake, upon honor for honor's sake. Subsidized morality is not genuine morality. An assumed virtue whatever the dividend is not real virtue. But virtue and morality are strengthened not weakened by the assurance that good faith has still other compensations than that of a conscience void of offense. To a man of honor there is no fortune more highly valued than that of the confidence and merited esteem of his fellow man.

The credit system teaches that there is no substitute for personal integrity, that without it all other virtues wither away and die. It verifies anew this ancient truth that measuring the things that are permanent and the things that are passing, "a good name is rather to be chosen than great riches."

Seeking Precise Information on Treatment of Cash Discount

With the hope that it may secure helpful statistics upon the question of the cash discount the Credit Department Methods Committee of the Chicago association has addressed an open letter to the Chicago members, in which they are asked to answer the following questions:

1. Your line of business?
2. Your cash discount terms?
3. Your net terms?
4. Per cent. of your customers who strictly regard your cash discount terms?
5. Per cent. of your customers who occasionally disregard your cash discount terms?
6. Per cent. of your customers who habitually disregard your cash discount terms?
7. In what sections of the United States do the worst offenders live?
8. By what means have you tried to stop the taking of unearned discounts?
9. What have been the results from the use of their methods?
10. Will a general attack on the unearned discount evil by the Associations of Credit Men receive the loyal support of your house?

The committee hopes for liberal responses which it intends to compile in permanent form, though in the final report no names will be mentioned.

**Shall the Federal Reserve Board be Empowered to
Establish Branches in Foreign Countries, and
Otherwise Assist in the Development and
Maintenance of Foreign Trade and
Dollar Exchange**

*By JOHN J. ARNOLD, Vice-President, First National Bank of
Chicago, Illinois.

In order that we may be in a position to answer properly the question whether the powers of the Federal Reserve Board shall be amplified, so that within its discretion it may establish branches in foreign countries and otherwise assist in developing and maintaining foreign trade and dollar exchange, it will be necessary to consider, in the first place, the conditions which called this organization into being.

For many years leading bankers in our country advocated the reconstruction of our banking system, inasmuch as the operations under the national bank act were considered as too fixed, and at the same time, too limited by the act itself. In times of great commercial activity, such as that experienced in 1907, owing to the fixed reserve requirements and the lack of re-discount facilities, the banking institutions of our land could not respond to the enlarged demands made upon them by the commercial interests. The primary object of the Federal Reserve System was and is to afford greater elasticity to credit facilities which means expanding as well as contracting power. The question of aiding in the development of foreign trade, while a secondary, was nevertheless a natural and necessary consideration. However, the principle underlying the act is that the federal reserve institutions shall always be the servants and not the competitors of the member banks.

In the foreign countries, where ample local banking facilities exist, there does not appear to be any need for branches of American banking institutions, and much less for branches of the federal reserve organization. The law now provides for the establishment of agencies in foreign countries, and the establishment of such in the principal financial centers of the world is all that is likely to become necessary or advisable. In the newer countries, where local banking facilities are not ample, branches of the federal reserve institution could not supply local commercial needs, unless the powers of the branches were broadened beyond those of the parent institution.

European banks operating in Central and South America and the Orient are organized for the purpose of giving financial assistance to the commercial interests of the cities in which are domiciled, and in addition, take care of financial operations resulting from transactions between the country in which they are located and the outside world—primarily their home land. In the performance of these functions they must necessarily extend credit by way of loans to their local customers, as well as by furnishing them with letters of credit covering the importation of goods from foreign

*Presented at Conference of Bank and Currency Committee, Chicago, January, 1916.

lands. In the United States of America such transactions can be carried on only by national or state banks. To grant branches of the Federal Reserve Bank when located in foreign countries powers beyond those of the parent institution in its operations in the home land appears not only illogical but inconceivable. What we need in countries like Central and South America and the Orient is branches of American banks. I believe, however, that American banks should be permitted to co-operate in the organization of an American bank for foreign trade, which institution should establish branches in foreign countries wherever needed.

It is quite clear, however, that the framers of the act had in mind that the Federal Reserve Banks should assist in the development and maintenance of foreign trade. This, however, is quite possible of accomplishment without the establishment of foreign branches. One of the greatest difficulties with which the exporter is confronted is the question of credit standing of his foreign customer. American importers of goods in the past have been called upon by the foreign seller to furnish what is known as a bankers' commercial letter of credit. When a house in Chicago contracts for a shipment of coffee or rubber from South America or tea from the Orient, the usual stipulation is that it must furnish such a banker's letter of credit. The Chicago bank with which the house is doing business, being acquainted with the standing of its customer furnishes such a credit either by mail or cable as the case may be. The shipper receives advice of the issuance of such a credit. . . . He makes his shipment and draws his draft, not upon his customer in Chicago, but upon the bank issuing the credit. In this way it is not essential that the shipper be familiar with the financial standing of the buyer, inasmuch as he looks to the bank issuing the credit rather than to the bank's customer. Prior to the inauguration of the Federal Reserve System such drafts could not be drawn upon a national bank in our country, since the national bank act prohibited obligations of this character. While in certain states state banks were not prohibited from making such acceptances the fact that we had no discount market in which such acceptances could be realized upon prevented their entering the field. As a result resort was had to the use of a third party, principally London banking institutions who stood ready to accept such drawings upon the request of their American correspondent. This triangular process has now been made unnecessary, inasmuch as member banks are authorized to give such acceptances, and our Federal Reserve Banks are permitted to re-discount the same. This should and no doubt will prove of great assistance in the development of import business.

It would appear quite logical that what our American importers have been called upon to furnish, American exporters should be granted by foreign buyers. In fact many of our exports now are financed under foreign bankers' letters of credit, and it is altogether likely that this form of exchange will become more popular as our international relations progress. That our Federal Reserve Banks will eventually become direct purchasers of time drafts drawn by American exporters under letters of credit issued by foreign

banks appears altogether likely. This, however, does not mean that they will become competitors of the banks doing a foreign exchange business, who now purchase such drawings in a much larger volume than they are capable of carrying, and consequently re-discount the same in the foreign discount market. When federal reserve institutions purchase such drawings they will undoubtedly do so for the purpose of investing part of their funds, and under normal conditions would hold the same for collection and sale at maturity. Such an investment, however, would be looked upon as a liquid asset, inasmuch as the same could be re-discounted in the foreign discount market should a sudden and unexpected domestic demand for funds arise.

When normal conditions will have been re-established and the Federal Reserve Act can be put into full operation, the benefits which will come to America through our enlarged powers for the financing of international transactions will undoubtedly go a long way toward placing us in the position of the world's banker.

In this connection the question of establishing dollar exchange is worthy of consideration. I think, however, that this subject is one which has been very much misunderstood. In my judgment the position formerly occupied by the pound sterling can never be attained by the United States dollar. England has for a long time been a creditor nation, and has served the outside world through the extension of financial assistance and credits. In addition to this, however, Lombard Street has rendered a service which we will never be called upon to furnish. As already indicated, London served the United States of America by furnishing pound sterling acceptances covering importations from countries foreign to herself. As a result importations to the United States from South America and the Orient, and even from some of the countries of continental Europe, were quoted in pounds sterling. As a natural sequence the exports from the United States of America in those countries had to be figured in English currency. The most that we can expect to accomplish is to eliminate London as our go-between and instead create a direct exchange with the respective countries with which we are dealing. Just how far reaching this re-adjustment will be cannot now be foretold. But we must not lose sight of the fact that only that nation which serves the rest of the world best can be called the world's banker. The position to be occupied by the United States of America is dependent upon the financial service which we will be able to render.

It is quite evident, however, that as a result of the tremendous changes in the currents of international exchange, made necessary by this war, the United States of America has come to the position of a leader in world finance. In this the inauguration of the federal reserve system has been and is of incalculable service.

The feature of the March "Bulletin" will be the pronouncement of Paul R. Warburg, chairman of the Federal Reserve Board, made before January meeting of New York Credit Men's Association.

University of Washington Cordially Co-operates in Credit Education

The Seattle Association of Credit Men has been co-operating with the extension division of the University of Washington in establishing eight new courses in credits and collections, which the university has recently announced.

Any person who has had some training in business is eligible for enrollment. The courses are specially suited to the needs of the assistant in a credit department, the office worker who desires to take up credits and collections and merchants and business men in general who want to learn more about the science of credits.

One of the difficulties in planning the course was the lack of text-books, and to overcome this the university has drafted through the Seattle Association of Credit Men eighteen of its members representing different lines, each of whom is in charge of a session, and is to prepare in writing his subject beforehand, submitting it to the head of the department. Copies are made and distributed to the students taking the course and they are required to study the points of the subject and recite before the writer of the paper at the weekly meeting of the class.

The course covers thirty-two weeks. The grouping of the subjects as the university has planned is interesting.

Section 1 is devoted to credit organizations and policies, under which, as sub-headings, are the theory and principles of credit; the credit man, his duties and qualifications; the credit department, the office, its organization, its relationship to the entire business structure; credit policies and problems of wholesalers and jobbers; credit policies and problems of banks; credit policies and problems of retailers; credit policies and problems of installment houses; credit policies and problems of foreign trade; business policy toward customers, salesmen and the house.

The next grouping is under the heading "Credit Systems in Operation," under which are the following sub-headings: the elements and various points to consider in determining what constitutes a safe risk; the various sources of credit information, their use, dependence and availability; the analysis of the property statement; the analysis of ledger records; the analysis of special reports; credit correspondence; co-operation between the credit and sales departments—the character and value of information obtained from the salesman.

Under the heading "Collection Methods" we find the sub-headings: a study of collection methods; collection of current accounts by mail; collection of current accounts by personal demand; collection of delinquent accounts by mail; collection of delinquent accounts by personal demand; suspended accounts and creditors' meeting relating thereto; keeping collection records; state collection laws, and again, under special topics relating to credits are the sub-headings: legal and other problems affecting credits; laws relating to credits, commercial paper and law of negotiable instruments; other commercial laws; the lien law; bankruptcy and homestead law.

Other subjects taken up in the course are insurance, including credit, fire and life policies; the federal reserve system and its

influence upon the credits of the commercial house and the bank; prosperity and crises; co-operation, such as is received through exchange bureaus; mercantile agencies and adjustment bureaus.

The university is to issue a certificate to those who make a meritorious record in the course on credits and collections, also a certificate to those who pass the commercial law and accounting courses, and if the three courses are completed by a student he will receive a final certificate embracing them all.

At many of the local association points where courses on credits and collections have been developed, the feeling is that they should be made, as in the Seattle case, a part of the curriculum of university or school of higher learning, which has all the educational facilities and is in a position to show a certificate which will be prized by the student and mean something to the world at large. Seattle has done well in developing these remarkable credit courses.

A "Good Samaritan" in the Rough Highway of Commerce

The following, from an issue of the Pueblo "Chieftain," during last Christmas week, reads like a bit of fiction, but the truth of it is vouched for by a Colorado member:

"THE TRUE SPIRIT OF CHRISTMAS

"An incident occurred in Colorado's commercial life the other day that in a way carries a Christmas story within the folds of its narration. Down in Walsenburg there resided a merchant upon whom fortune did not smile to the fullest extent. One reverse followed another until he was forced to notify his creditors that he could not meet his obligations and that they might take his remaining stock of goods. His stock totaled a value to him of approximately \$3,500. His obligations totaled \$10,000. The day that he notified his creditors to take possession of his store an unusual thing happened.

"Across the street was a competitor. The man who was about to fail is a Mexican and a Catholic. His competitor is a Jew. Nevertheless when the competitor heard that his Mexican friend across the street had failed he went over and asked to see the accounts. After looking them over the Jew employed a man to manage his own store and he personally called on every creditor of his competitor and asked those creditors to waive all claims in order that the matter might be kept out of the courts and in order that the man who had failed might be given a new start with a clear field. It took five weeks of hard work to accomplish the result, but it was finally done. Every creditor waived every claim and the man was restored to his store without a dollar's worth of legal indebtedness. The man who had failed was old. The Jew was comparatively young. The Jew could have allowed the failure to go unnoticed by himself and he would have profited to the extent of the other man's trade.

"The lesson is a good one at this time of year. It certainly re-illustrates the story of the good Samaritan.

"The man who failed was M. A. Sanchez, the Jew who spent five weeks aiding him was Moritz Bernstein."

When the Salesman's Mettle Is Tested

What should be the attitude of the salesman when his customer complains that the salesman's collection department is too sharp in its demands for the payment of accounts? Should he at once begin to make apologies for his house? That seems to be about what some salesmen are all the time doing, abjectly surrendering to the customer and thus encouraging them in their slow-pay methods.

What, you ask, is the salesman to do? He has on his hands a merchant who, in his thoughtlessness and unreasonableness, has concluded he has a grievance. It is a case requiring tact of high order. The salesman knows the first requisite is to satisfy the aggrieved purchaser of his own sense of fairness and sincere desire to treat the customer squarely, and yet he cannot in self-respect let the slow customer have it all his own way, so he begins:

"Well, now, I will admit that the house may have seemed just a little urgent in their letters, *but I have found our collection department very reasonable, generally speaking*, and I wonder what should have caused them to write you in this manner. When was this bill due?" The chances are ten to one that the bill was some time past due. The odds are also that the merchant who has had his feelings hurt allowed his account to mature and become past due without saying anything about payment. He received a statement, but paid no attention to it. He received letters, one, two, three, and made no attempt to write and give any kind of explanation.

"Now, John," the salesman may well say, and in a friendly BUT CONVINCED way, "just suppose that when I took your order for those shoes at \$2.75 per pair, the correct price at that time, just suppose the firm should have shipped them and charged \$3.00 a pair, what would you have done? You would have made a hot protest, wouldn't you? Of that there can be no doubt.

"On the other hand, the other part of the bargain when our orders are taken is the time that payment is to be made, thirty days after the dating. Now, frankly, have you any more right to take extra time than the firm has to ask extra money? Of course not. The time of payment is just as much a part of the bargain as the price of the goods.

"Here is something I don't believe you have thought of: My house is doing a million dollars of business every year, and on a very narrow margin. Just suppose that every customer let his bill go over-due thirty to sixty days like this one. You see that this is going to cost my firm from \$5,000 to \$10,000 every year for interest. TIME is MONEY when capital is tied up in this way.

"As I said before, you would have kicked mightily had if charged \$3.00 for a \$2.75 shoe. Then can you blame the house for kicking (if you can call it such) when you charge them sixty or ninety days for thirty-day goods? The principle is the same, and the result is the same, for, as I said before, time is money now-a-days."

The customer who gets a little well-deserved, but kindly talk like this from the salesman who has besides talk the courage of his

convictions and the sense of loyalty to his house, will see his delinquency in a new light, and his self-respect will not permit him to blame the creditor for the sharp collection work for which he gave cause. Besides, the customer is apt to develop into a better buyer and make his account more profitable to the salesman and himself.

A Supreme Court Decision Which Points to Needed Changes in the Law of Conditional Sales

Contracts of conditional sale are widely accepted as providing a desirable form of security and permitting the sale of merchandise upon long terms of credit to persons who could not otherwise obtain goods except for cash in advance.

Since the passage of statutes regulating contracts of conditional sale in practically all states, the rule is well nigh universal that such contracts are not valid to retain title as against creditors of the purchaser unless the statutory requirements of filing or recording have been strictly complied with. If these requirements have been observed the conditional vendor may reclaim the goods even against a trustee in bankruptcy, for it is well settled that a properly recorded contract of condition sale is a preferred claim, taking precedence over the lien given by the bankruptcy law to the trustee.

Suppose, however, the seller failed to file or record the contract until within four months of the filing of a petition in bankruptcy. Can such seller thereby retain title to the goods in preference to the trustee; would not such a ruling effect a preferential transfer to the seller in violation of the spirit of the bankruptcy law?

These very questions were decided by the Supreme Court of the United States on November 29th, 1915, in the case of *Bailey vs Baker Ice Machine Co.*, 36 Supreme Court Reporter page 50. It was held that the filing of a contract of condition sale in accordance with the state law at ANY TIME prior to the filing of a petition in bankruptcy is sufficient to retain title to the goods as against the trustee. In the case before the court the contract of conditional sale was executed in November, 1911, and not recorded until May 15, 1912. Bankruptcy followed within four months of the recording of the contract, and the seller was permitted to reclaim the goods as against the trustee. There was no preferential transfer, the court held, inasmuch as title had never passed to the bankrupt and he had no property in the goods which could have been the subject of such a preference.

The case emphasizes the need of amendments to those conditional sale laws which do not require that a contract shall be filed immediately after execution. It is obviously unfair to creditors of the purchaser that they shall be allowed to presume that property in the possession of their debtor constitutes assets liable for his debts, and then suddenly have the structure removed from under them by the recording of conditional sale contracts immediately prior to the filing of a bankruptcy petition.

Why Sioux City Had Become Unattractive to Conservative Fire Insurance Companies

Sioux City for several years has proved a most unattractive field for fire insurance companies. The loss per capita for the year 1914 was \$10.43 against an average for the United States of approximately \$2.65.

The Credit Men's Association there has taken this loss very much to heart, and during the past two years has been putting its best men at work to find a way out of the excessive loss so that the field will be far more attractive to the more substantial insurance companies of the country. That progress has been made and just how much could scarcely be made clearer than in reading a letter which a prominent insurance broker wrote to the state agent of one of the more conservative fire insurance companies which had not been doing business in Sioux City, but was again considering the field because of the appreciable reduction in fire losses made during the past year. This broker said to the state agent:

"As to the general situation in Sioux City, in our opinion it is not only vastly improved, but will continue to improve. I have several reasons for thinking so, prominently among them the fact that modern equipment has been added to the fire department, a fire marshal has been added to the chief's staff and under the present law and ordinances the assured must improve his risks in order to obtain rate credits. Again, and very important is the fact that there has been established here a branch of the rating bureau, and over and above all is to be considered the changed attitude toward fire waste of the public at large.

"A big share of the credit for this change is due, I believe, to the active efforts of the local Association of Credit Men. They have held public meetings at the commercial club and these meetings have been well attended. At one of them a resolution was passed, not only approving the expense of the equipment which had been purchased, but approving the purchase of such additional equipment as in the opinion of the public safety commissioner seemed necessary. Furthermore, the Credit Men's Association has *finally persuaded the fire chief to install a system of inspection of risks by the firemen.*

"Now I am satisfied that all these things have brought about a change in our loss condition and are going to mean for smaller losses from now on. The fire department records show that Sioux City's fire loss for the last year is much reduced, all of which would make it seem that it is an advantageous time for a substantial company such as yours to re-enter the field."

Members of the Association receiving communications from Stone Bros., 1436 Atlantic Avenue, Atlantic City, N. J., are requested to communicate with the National office.

The Professor Lectures on a Phase in Credit Granting

Lecture V.

Young Gentlemen:

The assembling of ourselves together for a fifth clinic upon credit diseases has brought a very interesting subject to the analysis of which we may proceed with seriousness, yet, withal, a quiet sense of humor.

Generic terms have not been coined as yet for credit disorders and we do not possess sufficient facility to suggest a term for the one which is our definite study on this occasion. "Very foolish," we might say would apply; but after all it is a specimen of foolishness which occurs frequently.

You will discover upon the face of our subject a puzzled expression, as though the man were saying, "What has happened? I played the game as it is usually played, but lost, and the man about to go down for the last time, grasping for the proverbial straws, is in no greater daze than am I"

The subject of our study, a credit man, had before him a rather unusual risk; but, after assembling according to the usual custom and the ordinary routine of the credit department, information of various characters and degrees of importance, accepted the risk and merchandise was charged on open account in a good round sum.

When maturity was reached and statements rendered no response came from the debtor. After waiting a decent period the credit man asked for a remittance, but still from the direction of the debtor was intense silence. Then followed a draft that met no better fate than the letters, and the credit man was at the cross-roads as to what to do with the account. "Put it with a collection agency," came a little voice, and this the credit man proceeded to do. The claim was handed over to a young man (not an attorney) operating a collection agency who, after the usual tactics and demands, succeeded in obtaining a settlement. But the sum seemed very snug, it looked well in the bank balance of this young man, and, after concentrating his gaze upon it, the itching palm was too hard to resist and the amount was appropriated unto himself.

Various excuses and explanations were made to the creditor as to why the account was not paid and the patience of the credit man becoming at last exhausted, he wrote the debtor direct, and ascertained that the account had been paid several months before. Now surely the credit man was nonplused and chagrined. He immediately got out his pointed stake for the young collector.

During this interim, however, the amount had found its way into some promising investments that had proved rainbow treasure, and the young man had no funds wherewith to reimburse the creditor. A prosecution followed and the young collector was given an opportunity to repent in a most uncomfortable place, but the credit man was without his funds.

Do you recognize, young gentlemen, the peculiar nature of this disorder? That a credit man, after exercising all his talents and exhausting every available channel for the obtaining of information upon the debtor, hands over the account after it is overdue to a young

collector concerning whose financial responsibility and his abilities he had not the slightest knowledge.

Can we find a term that will more clearly indicate the nature of this disorder than merely to say that it was "sublimely foolish"? If we can, probably great service will be rendered those in whom the germ has found a place, for such unsystematic and dangerous work is going on daily, and the therapeutics, or what we might generally call the "remedy" for this disorder, is to show the credit man that an open account is a piece of property and that before disposing of it, he should know that the disposition is safely being accomplished; and if he has been to some pains in determining, from the information assembled, whether the risk should in the first place have been accepted, he should spend a sufficient time in determining upon his course of action in the event that delinquency occurs or the account becomes involved.

"Sublimely foolish" steps in credit matters are mighty expensive, and when they cease we will sound pæans of praise and feel that our clinical work need not be pursued further.

The Bankruptcy Law and the Farmer

A member of the Baltimore Association of Credit Men recently raised the question why the bankruptcy act exempts farmers from the possibility of having filed against them involuntary petitions in bankruptcy. "The act has extreme shortcomings," the member says, "in view of the fact that it gives a farmer the right to go into voluntary bankruptcy and defraud his creditors, but it does not give a creditor or creditors the privilege of putting into bankruptcy the said farmer who has committed acts of bankruptcy."

The explanation of this situation offered by Harold Remington, the Association's special counsel in bankruptcy matters, is illuminating and will perhaps assist members to understand the theory upon which the discrimination is made.

"Not only farmers," says Mr. Remington, "but also wage-earners are excepted from being proceeded against under the bankruptcy act as bankrupts.

"The reason for this is two-fold: first, historically, the bankruptcy act was meant originally to apply only to 'traders.' Indeed, for nearly three centuries it did not have anything to do with anybody but 'traders.' Even in our own country, originally, the bankruptcy act was applicable only to traders.

"In England, to-day, it is only applicable to 'traders,' but the list of those who are to be considered 'traders' has been enlarged by additions from time to time to such an extent that almost all business people are now embraced within the term 'traders.' Our American bankruptcy law preserves to a certain extent the historical theory that the bankruptcy law had to do with merchants only.

"Secondly: Undoubtedly a reason for excepting farmers and wage-earners from the operation of involuntary bankruptcy is political—the politician takes care of the great bulk of his constituents whenever he can.

"In particular instances this exception of farmers and wage-earners may work a hardship, but I do not think it can be charged against this particular bankruptcy act as a 'shortcoming.' We would have to change the theory of involuntary bankruptcy from its centuries old application both in England and America in order to overcome the objection. As a rule a farmer who is doing business is altogether likely to be amenable to the bankruptcy law and not to be excepted therefrom as being 'principally engaged' in 'farming or the tillage of the soil.'"

Comments on the Movement for Trade Acceptances

"We are in full sympathy with the policy of your Association in your efforts to secure the substitution of the trade acceptance for the open account. We greatly appreciate the work you are doing to safeguard credits."

Such is the gratifying acknowledgment Secretary Hurley, of the Plumbers' Supply Association of New York sent the National office last month in behalf of his fellow members.

As the discussion of the movement for the trade acceptance advances the "Bulletin" hopes to present the reasons urged against it, for surely some will be brought out. In the meantime what the "Wall Street Journal" writes will strike the reader as weighing the situation fairly. Readers of that journal know that it is not of the sort to be carried away by temporary enthusiasm and strong partisanship, certainly on a subject of this sort. It says, in a recent issue:

"Introduction of trade acceptances, or two-name paper, in our commercial credit system, seems likely to be a slow process. There can be no question as to its superiority over the single-name instrument, from the banker's point of view. The former offers a double security for the loan; and it is a practical evidence of the liquid character of the transaction, the proceeds being intended to finance a particular sale. Bankers like to feel, when they make a loan, that it is for the purpose of a turn-over in business, which insures the ability to liquidate the loan at maturity. When bankers lend on open account they are largely at the mercy of the borrower whose credit standing is the banker's only guarantee as to the liquidity of the loan.

"But it is one thing to point out the merits of the two-name paper, and another to bring about its adoption. Borrowing upon open accounts, where all the applicant has to do is to show a safe proportion of bills receivable in his statement and then give his own note, has become such an institution with us that it will be difficult to loosen the tentacles of the system. It is the easiest method of borrowing, and business expands along the lines of least resistance.

"Those who defend adherence to the single-name paper, view the matter from a practical standpoint. They say the small business man or tradesman is reluctant to give his note. If it were possible to obtain notes from the thousands of small buyers, they contend, such paper would scarcely be of much advantage to a large concern, especially when its sales are based upon seasonable demands. They have to make large outlays quite independent of the retail trade. Borrow-

ing on single names is an outgrowth of big business, so-called. In a country of large distances such as this, where business has been centralized into certain channels, wholesalers will not bother with trade acceptances.

"That it is a herculean task to revolutionize the old method is shown by the fact that the Federal Reserve Board has had to compromise the matter, notwithstanding the recognition of two-name paper for rediscounts in the new law. The board saw that it was an impossibility to change the whole credit structure overnight. The best it could do was to inaugurate preferential rates for trade acceptances, and little by little this class of paper is entering into the volume of rediscounts at the regional banks.

"This is the only way to induce the adoption of trade acceptances. The duty of educating the public devolves upon the bankers, who are most concerned in improving the soundness of their loans. If they can show their customers an easy, and profitable, way of bringing their bank loans to a double credit basis they will have accomplished a great service, not only to themselves but to the community."

How President McLaurin of the Southern Wholesale Grocers' Association Met the Movement to Repeal the Bankruptcy Law

It is a call for calm, well-balanced thinking that President McLaurin sent the members of the Southern Wholesale Grocers' Association last month. The subject of his special letter to them was the "National Bankruptcy Law," and in view of an agitation for a repeal of the measure, Mr. McLaurin writes urging that his fellow members be not swept off their feet or become unduly excited or hasten unwisely to any conclusions upon the question of repeal of a law which has many excellent features, though undeniably defective in certain respects.

"I am unable," he says, "to conclude that repeal is the only remedy for a defective law. I believe that the commercial interests of the South should take time to consider and deliberate upon this subject carefully before reaching any hasty conclusion as to the wise method to pursue in correcting weaknesses in the bankruptcy law. I am not prepared," he continues, "at this moment to endorse the statement that we should have no bankruptcy law, while, at the same time, acknowledging unqualifiedly the very unsatisfactory results to be obtained through the administration of the existing law.

"Having in view," he adds, "the highest and best interests of the trade, I am impelled at the present moment to discourage the idea of our merchants or business men throwing their financial support to any effort having in view specifically either the repeal or the amendment of the law, but, on the other hand, I think for the time being it will be better to lend our financial and moral support to an effort to bring about such a consideration of the subject as will result in placing before us for a calm, intelligent determination:

"1st. The real purpose and benefits of a bankruptcy law properly administered;

"2d. The possibilities of such amendments to the present law as will, under proper federal supervision, prevent the dissipation of a bankrupt's assets and better methods of preserving the real value of those assets;

"3d. Such a specific exemption as will supersede the exemption laws of the various states.

"4th. The fixing by federal statute of all fees and the conditions under which a discharge in bankruptcy shall be permitted;

"And such other remedial measures of like importance.

"If ever there was a subject," he goes on, "of vital importance to the commercial life of this country, that calls for calm, unprejudiced consideration and careful analysis in order that the best and wisest results might be obtained, I believe the bankruptcy law to be such a question. I deem it my duty to caution any ill-advised, rash, expensive activity which might prove in time to have been without results. My opinion is that the business men of the Southland will find in the near future more ample opportunity to exercise themselves financially in an effort to solve this great problem with which we are confronted."

More than once the South has felt the beneficent influence of the bankruptcy act. Many of its leading credit men in the years 1907 and 1908 acknowledged a debt of gratitude to those who made the act possible because it acted as a stay against the impetuosity of over-anxious creditors. Again, in the summer of 1914 the South felt the bankruptcy law's beneficent influence when, by the acknowledgment of some of its leading business men, it was necessary that the activities of creditors be broad, conservative and cautious lest undue pressure for collections precipitate wide disaster.

Credit Information from Banks at Small Centers

Sweeping condemnations strike most men just as extravagant language universally does—as calling for a discount. To say that credit information from the banks located in the small country places is not to be relied upon is probably too sweeping, but at least it can be said truthfully that many country bankers have, by issuing clean bills of health on local concerns, to sell whom meant almost certain loss, cast serious doubt upon the value of information from these sources. An incident is given by a member who believes it is typical.

He received from the local bank, in answer to his inquiry, the following: "We beg to advise that they (the concern inquired about) have done business with us for a number of years and the account has always been satisfactory. We regard them highly. We have extended them a line of credit from time to time and they have always met their obligations with us promptly."

On the same day a letter was received from an attorney who had been asked for information on the same party, stating that the concern was even then offering a compromise of sixty cents on the dollar and it had already been accepted by some creditors.

Afterwards the inquirer found from other merchants that the attorney's information was correct and that creditors were accepting less than sixty cents on the dollar from the debtor.

What is your experience? Have you found reports from the banks located at small centers helpful in making credit estimates?

ANALYSIS OF THE FINANCIAL STATEMENT

Land and Fixed Improvements, Loans to Partners and Corporation Officers

FIFTH ARTICLE

Proceeding with our study—"The most effective arrangement and analysis of a financial statement," we have now reached the last item that can be designated as assets.

The first of these is real estate, and probably no item in the financial statement presents greater pitfalls for credit men than this. Except where real estate is in the form of land and improvements for manufacturing or strictly business purposes, it has no practical value as an asset item, and should not be permitted to overcome the unfavorable relation of quick asset items to quick liabilities.

When the real estate is in the form of land and improvements for manufacturing or strictly business purposes, it is a slow asset and if disproportionate to the quick assets of a manufacturing or business enterprise, then a danger spot exists, for too much of the capital or profit on surplus has gone into a fixed asset item.

The rigidity of this character of asset has led to its rejection as a basis for currency under the Federal Reserve Act. That act permits alone the rediscount of commercial paper of a self-liquidating character, arising out of the sale and delivery of merchandise.

It were far better for an enterprise to operate on a rental system than to convert too great a proportion of its capital and annual profits into such a fixed and permanent asset as land and improvements. When the real estate does not represent land and improvements used for manufacturing or strictly business purpose, then its utility and value as an asset item is still further decreased. We have many instances where the maker of a statement might properly be called "Land poor."

The actual value of real estate may guarantee a creditor against eventual loss, but in credits it is not alone the guarantee against eventual loss but the prompt liquidation of credits which is desirable and necessary for the safe operation of a business. Therefore the assurance of a prompt liquidation depends upon the quick assets of a business and not upon a rigid and fixed asset.

Frequently the makers of statements give real estate an arbitrary valuation, which they would designate as its actual value. Such valuation, generally speaking, is misleading. In illustration: A statement was recently brought to the attention of the National Association of Credit Men, in which the real estate was valued at \$40,000. Upon investigation, it was found not to be worth forty cents. The maker admitted that if thrown on the market immediately, the property would be valueless, but he felt that event-

ually it would be worth \$40,000, so he put its value at that sum and deceived the house to which the statement had been made.

We cannot, therefore, guard too strongly against placing too much dependence upon this item in the statement, whether or not the real estate is a part of the actual enterprise. Upon the statement form, the following is, in our opinion, the proper way for the tabulation to be made:

Character.	Assessed Valuation.	Actual Valuation.	Mortgages.
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We now come to the last item of assets what offers by far the least value, being more generally indicative of methods than of financial abilities, namely: Amounts due from partners, officers of a corporation, or employees.

In organizing a corporation it occurs frequently that in apportioning the stock an officer is unable to pay immediately for his allotment, and he gives his note for the unpaid balance. It occurs sometimes, that members of a firm borrow from the firm for purposes other than those of the business, or overdraw their salary accounts, and this character of loan and overdraft may occur in the case of officers of a corporation. Loans or advances to employees are a precarious item. Should amounts due from partners, officers of a corporation or employees be included in the collectible receivables, there may have occurred a misrepresentation and a loss may result.

Unquestionably such items should be separated entirely from the accounts and notes due from customers and arising from credit transactions. The separate item, indicating to what extent amounts are owing from partners, officers or employees, is to determine whether the quick assets of the concern are being guarded properly against precarious loans or overdrafts, for these items are usually not of value as an asset and hence should be taken into consideration by the receiver of the financial statement on which they appear as an assurance of debt-paying abilities.

We have presented in five articles the asset items of a financial statement, endeavoring in a very simple and helpful way to have the readers of the "Bulletin" aroused to the increasing need of credit grantors avoiding the pitfalls which occur probably more in financial statements than in any other character of credit information.

The checks and balances, proper proportions, the close analyses, the appreciation of humanities, are to be observed and respected, else the optimism, which is the chief danger in financial statements, will overcome good judgment and risks will be taken which later occurrences show to be unsafe.

We would like very much to have many readers comment upon these articles, and offer suggestions that can be passed on to others for this is a co-operative work in which we are not holding our judgment above that of others, nor do we fail to recognize the necessity of sharing the ideas and experiences of others if the work is to be performed successfully.

In the next article we shall begin an analysis of the liability items of a financial statement.

A Great Conference on Banking and Currency

The Association and its members throughout the country are indebted to the Banking and Currency Committee, under the leadership of its chairman, H. H. Merrick, for the conference on banking and currency, held at Chicago last month.

Representing the Federal Reserve Board, Secretary H. Parker Willis spoke on the subject "What the Federal Reserve Act has done and can do for the stabilizing of commercial credit." Mr. Willis' paper treating, as it does a subject of close interest to credit men, will be issued in pamphlet form.

William McC. Martin of the St. Louis Federal Reserve Bank presented the subject "The improvement of credit department methods in member and reserve banks."

Another speaker was Francis Coates, Jr., examiner of the Cleveland Clearing House Association, whose subject was "Standardizing financial statements and assembling, tabulating and analyzing credit information in banks." Mr. Coates' subject was one also of very deep technical interest to credit men and it is planned to publish it in an early issue of the "Bulletin."

Chairman Merrick also called upon James K. Calhoun, the president of the Robert Morris Club, formed at the Salt Lake City convention of the National Association, to define the purposes of the club and the progress which it had attained.

Another speaker was John J. Arnold, vice-president of the First National Bank of Chicago, on the question, "Shall the power of the Federal Reserve Board be amplified so that within its discretion it may establish branches in foreign countries and otherwise assist in the development and maintenance of foreign trade and dollar exchange." Mr. Arnold's address will be found in another part of this "Bulletin."

Mr. Arnold's paper gave rise to the following resolution which was adopted: "RESOLVED, That it is the sense of this conference that the Banking and Currency Committee of this Association give prompt consideration to the proposed amendment to the Federal Reserve Act to permit banking institutions, members of the Federal Reserve System, to combine to establish banks at foreign points, and if it seems advisable, to undertake co-operation looking to the adoption of this amendment.

A very enlightening address was delivered by Beverly D. Harris on "The encouragement of the trade acceptance as a form of liquid credit." Following Mr. Harris' address, which has been published by the Association in pamphlet form,* the following resolution was adopted after careful discussion: "RESOLVED, That this conference believes that the utility of the discount as a premium for prompt payment has distinctly diminished, that it has encouraged serious abuses costly to creditors, and that every encouragement should be given to a movement having for its purpose the elimination of the cash discount."

* Copy may be had on application to the National office, 41 Park Row, New York.

Upon the subject of the trade acceptances the following resolution was adopted: "RESOLVED, That the conference heartily approves of the resolutions passed by the officers and directors of the National Association of Credit Men at their last annual meeting, favoring the trade acceptance system and believes that every reasonable and proper effort should be made to encourage the givers and seekers of credit to adopt this system in substitution for open accounts."

Another speaker was C. W. Allendorfer of the First National Bank of Kansas City, whose subject was "Clearing house operations and federal reserve banks," and the final speaker was H. H. McKee of the National Capitol Bank of Washington on, "The control of the number and the district boundaries of federal reserve banks by direct legislation or by the board."

The Tennessee Credit Men's Conference

The call of the Tennessee Credit Men's Association for its third annual meeting, held at Knoxville, was answered by delegations representing all the five local associations in Tennessee.

In his report President D. A. Landress commented upon the bad-debt loss in Tennessee for the year 1915, pointing out that after deducting the salvage it was but \$2,820,000 as against \$4,628,000 for the previous year. He declared that the annual meetings of the credit men of the state where problems of reducing loss are discussed and ideas exchanged are in a measure to be credited for this considerable decrease.

In discussing some of the specific efforts of the association for the year, Secretary Longley said that the state association had assisted in defeating the landlord's lien bill, which would have given the landlord prior lien on all fixtures and merchandise of the bankrupt, whether merchants had paid for same or not, and had further been instrumental in getting the bad-check law enacted.

Reports were made by J. H. McCallum, of Chattanooga, for the adjustment bureau and credit information committees, Mr. McCallum showing in the case of one of the bureaus a percentage paid to all creditors, less expenses, of 39½ per cent.

The bankruptcy law received considerable attention from the conference, the principal speaker on this subject being J. H. McLaurin, of Jacksonville, Florida, president of the Southern Wholesale Grocers' Association. He urged the credit men of Tennessee to use their influence to secure amendments to the bankruptcy law, looking to the prevention of abuses, but expressed himself as opposed to the repeal of the law.

Another subject was "Efficiency in the Credit Department," the discussion being led by Walter M. Bonham, of Knoxville, who declared that the credit man should have learned as much about a customer's concern before he fails as he learns after the failure, and to this end he must use the salesman to help him gain more knowledge about a customer, as well as attorneys, banks and trade reports. Mr. Bonham went into the financial loss a firm suffers which permits bills to continue past date of maturity and advised that customers be im-

pressed with the necessity of meeting their bills promptly. Particularly, Mr. Bonham urged that the credit man eliminate from his day's work minor details, for many a good credit man, who permits himself to be overwhelmed with details, finds himself, he said, unfitted to give attention to more important lines of work.

Another interesting address was that of Owen Tate, whose subject was "Composition in Bankruptcy." Mt. Tate pointed out that statistics show that in 1915 a greater percentage of bankruptcy cases, assignments, general creditors' bills, and all forms of insolvency proceedings were closed and dismissed through the abuses of composition settlements than ever before. During the first few years of its operation, he said, creditors had but little experience with composition settlements under the bankruptcy law, but now we expect to receive, shortly after notice of adjudication, suggestions of composition, and after notice of assignment also suggestions of composition.

A federal law, he declared, independent of the bankruptcy law, if constitutional, should be passed prohibiting composition settlements of indebtedness after insolvency proceedings of any character had been instituted. The bankruptcy law, he declared, was intended as a release for honest debtors and was not intended to afford an avenue to prosperity to dishonest men. Almost without exception, he said, creditors sympathize with and have pity for the unfortunate man who makes an honest failure and do not exact the pound of flesh where there has been fairness and honesty exhibited; therefore, broad-minded credit men are not asking for the repeal of the bankruptcy act, for they still wish to be able to treat generously the man who is honestly and unavoidably insolvent; do not wish to rob him of the only ray of hope for deliverance from debts which he cannot pay, but they do wish to have enacted an amendment to the bankruptcy law, such as would prevent dishonest men from thriving at the expense of their creditors; and an amendment to prohibit composition settlements would be a step in that direction. It must be understood, he added, that when a debtor seeks relief from his debts through bankruptcy he surrenders his property and has his estate finally and fully administered and has no further interest in it other than what the exemption law of his state allows him. Even though the thoroughgoing process of bankruptcy, he said, does not pay creditors as much as the debtor is willing to pay for his discharge, a thorough far reaching, strict fulfillment of the law's provisions will tend to reduce the number of bankruptcy cases, for every dishonest bankruptcy case, in which creditors are defrauded, is a liability to credit grantors, and every honest bankruptcy case, properly and fully administered, an asset to creditors. I am opposed, he said, to composition settlements, except in cases where I get my claim paid in full.

At the conclusion of the meeting the conference went on record as against the repeal of the bankruptcy law, but as urging its amendment. It further went on record as establishing a central Tennessee information bureau for the exchange of credit information between local bureaus and placed itself squarely for a strict adherence to trade and discount terms.

The following officers were elected for the new year: W. M. Bonham, of Knoxville, president; H. T. Hill, of Nashville, vice-president; H. W. Longley, of Chattanooga, secretary and treasurer.

Credit Men of Wisconsin Hold Conference

All who attended the Wisconsin State Conference of Credit Men, held at Milwaukee January 17th, went to their homes satisfied that they had had a day of unusual interest and helpfulness. There was in attendance from Wisconsin's local associations, four in number, and its individual membership nearly two hundred. The meetings were held in Hotel Pfister. The scope of the conference and its educational value are best brought out by the program, as follows:

(a) Conservation of Assets in the Administration of Involved Estates.

(b) The National Bankruptcy Law and its Further Amending.

RICHARD J. MORAWETZ

(The Morawetz Co., Milwaukee,
Wisconsin.)

The Affects of a Successful Credit Men's Association Upon the Commercial Prosperity of a City.

JOSEPH H. TAYLER

(McCartney National Bank,
Green Bay, Wis.)

(a) The Assembling of Information on Credit Risks.

(b) The Several Kinds of Information and Their Relative Value.

(c) The Increasing Necessity of Financial Statements in Credit Granting, with Comment on the Analysis of Such Statements.

A. SEIDENSPINNER

(Northern Furniture Co.,
Sheboygan, Wis.)

Trade Acceptances and Their Encouragement by Our Federal Reserve System.

AUGUST H. VOGEL

(Vice-President, Pfister & Vogel
Leather Co., Milwaukee.)
(Director, Federal Reserve
Bank, Chicago.)

How the Bad Debt Waste Has Been Reduced and Can Continue to be Reduced by Sincere Co-operation Among Credit Grantors.

SOL. KINGSBAKER

(Sec'y-Treas., Oshkosh Muslin
Underwear Co., Oshkosh, Wis.)

The Need of Suppressing Commercial Fraud by Proper Investigation and Prosecution.

E. G. VAIL

(President, Gurney Refrigerator
Co., Fond du Lac, Wis.)

Efficient Methods of Handling Delinquent but Collectible Accounts.

WILLIAM P. BRENNER
(President, Brenner Candy Co.,
Green Bay, Wis.)

- (a) Rule Recently Adopted by the Wisconsin Bankers' Association Imposing a Charge for the Presentation of Drafts.
- (b) Rule Recently Adopted by the Wisconsin Bankers' Association Respecting the Matter of Furnishing Credit Information.
- (c) Desirability of Having Country Checks Handled at Par.

H. H. SCHWARTING
(Secretary, J. H. Rice & Friedman Co., Milwaukee, Wis.)

If You Had These Questions Answered Before Opening an Account

If a credit man were able to get upon each of his accounts an honest answer covering the points in the following tabulation, from as wide a circle of other credit grantors as possible, surely his work would be greatly simplified and he would be able to figure with almost absolute definiteness the day that an account would be paid. Under such circumstances it would be the expected that would happen and not the unexpected, because with answer to these points before him the credit man would check orders with his eyes wide open:

- | | |
|-----------------------------------|--|
| 1 Usually discounts. | 19 Claim in judgment. |
| 2 Pays when due. | 20 Claim in attorney's hands. |
| 3 Fairly prompt and satisfactory. | 21 Compromised claim. |
| 4 Slow, but consider good. | 22 Countermands orders. |
| 5 Habitually slow. | 23 We demand one bill be paid before another is shipped. |
| 6 No regard for terms. | 24 Declined to make statement. |
| 7 Settle by note. | 25 Insufficient insurance. |
| 8 Pays notes when due. | 26 Unfavorable special information. |
| 9 Don't pay notes when due. | 27 Refuses to pay interest. |
| 10 Have to be drawn on. | 28 Previous account too slow. |
| 11 Won't pay drafts. | 29 Previous account uncollectible. |
| 12 Cash in advance. | 30 Purchasing too freely. |
| 13 C. O. D. | 31 Association draft not paid. |
| 14 Becoming slower. | 32 Refused. |
| 15 Secured or guaranteed. | 33 Consign. |
| 16 Kicker, makes unjust claims. | 34 Checks protested. |
| 17 Deducts excessive discount. | 35 Checks returned unpaid. |
| 18 Collected through attorney. | |

And yet these are the questions which are being answered in steadily increasing volume through credit exchange bureaus, operated by the credit men's associations all over the country, giving the man responsible for credits the information which he ought to want with far more definiteness, promptitude and freshness than he can get even through the elaborate mercantile agency service, excellent as that may be.

Charging and Collecting Interest on Past Due Accounts

By M. R. BAKER, *Savannah, Ga.*

This is indeed a large subject—one that has been wrestled with by big, brainy men, who have made a study of it, and in so far as I am able to learn, it is the general consensus of opinion that INTEREST charged on deferred settlements or past due accounts is authorized and amply justified by trade custom and mercantile usage. It is correct; it is just and fair; and it is perfectly in order. It is fortified by commercial precedent and business custom makes it an inherent law.

The word "*Interest*" as commercially defined by Webster, is a "Premium paid for the use of money."

The eternal law of compensation demands that for everything which we receive we must pay. Just as surely as the laws of hygiene demand that for health we must observe the rules of right living, so also do the ethics of good business require that for obligations due and not paid, we must pay the price—*Interest*.

The customer expects and demands from the merchant, that his orders be filled promptly, that prices as agreed be charged, that quality be up to the standard; in fact, he expects, and rightly too, that the merchant fulfil his contracts to the letter. Now if the customer expects a square deal he should be willing at all times to show the broad spirit of reciprocity by complying with the terms of sale, chief among which I class payment of bills at maturity.

When he purchases a bill of goods from the merchant, it is with the understanding that he pays within a specified time. There is not a concern that does not show on its bills, the terms. In addition, if the salesman possesses an iota of salesmanship, he invariably impresses on the new customer the terms of the house; and if he be a conscientious salesman, he will emphasize the fact that the house is the fairest and squarest to do business with—but when a bill falls due, it expects prompt payment. Thus it is that the customer is on every hand reminded of his implied and expressed promise and agreement to pay when due, and when he permits his obligations to lapse, he cannot on any tenable ground object to paying the price for what may be his negligence, tardiness, extending too much credit, overbuying or laxity in his own collections.

Our goods are not sold predicated upon a customer's promise to pay when his customers pay him, or that his purchases have not found an immediate and ready sale. All these are his troubles; we have mountains of our own of which he knows nothing.

Our firms are not philanthropic institutions. We are not identified with our respective houses because they are dispensers of beneficences or charities; neither are they bankers, yet if the customer fails to pay his bills as they mature, he is forcing the merchant to borrow money or use excess capital and pay *interest* thereon, an unjust imposition.

Credit men have been too lax in the fundamental principles.

of good business and should strive to get together in closer unity, and decline to sell the man who persistently and grossly refuses to be guided by that first great commandment of Creditdom "Thou shall pay thy bills at maturity."

From the foregoing it may be seen that while discount is a premium for prompt payment, on the other hand *interest* is the penalty for failure to do so; and if we are unable to induce the customer to observe his terms of sale, as to payment of accounts at maturity, by the proffer of discount for cash or some shorter period of time than regular terms, it is manifestly proper that we should impose the penalty which he invites by his failure to protect his obligations.

I can not conceive of any business house which would prefer to have accounts lag in order to charge and collect *interest*, rather than have prompt payment and the opportunity to sell another bill to the customer.

When a bill of goods is sold by the merchant on thirty, sixty or ninety days terms as the case may be, it is liable for *interest* when not satisfied by settlement at maturity, and this *interest* should be computed from the time the account is payable. The transaction then virtually resolves itself into a banking proposition, and the proof of this lies in the fact, that on one hand, the merchant—no matter how stable he may be as to pecuniary strength—if he is obliged to carry a large amount of accounts that are intolerably slow in their payments, is compelled by this circumstance to borrow money to rehabilitate his working capital. On the other hand the customer, if solvent, in order not to impair his credit, name and standing, negotiates a loan so that he can discharge the debt. In either case therefore, the borrower cannot obtain the loan or funds, unless he pays *interest* as a compensation for the use of the money loaned him.

Thus it is apparent that the customer is inconsistent when he objects to and refuses to pay *interest* on overdue accounts, for he will readily admit that it is fair and equitable for the banker to charge him a fair rate of *interest* for moneys loaned him, therefore why can he not see that charging of *interest* on overdue merchandise obligations is exactly parallel in every particular. He is using the creditor's goods (representing the creditor's money) when it is expressly stipulated in all bills of sale and terms, that the account is payable at a stipulated time. After that time has passed, the creditor is simply loaning him his money, and he should justly pay for the use of the money which the creditor tied up in goods in his possession for which he is owing.

The average merchant experiences considerable opposition on the part of the customer, to the payment of *interest*, on various grounds and pretexts; probably the most common ground for objection lies in the fact that with an open account there is usually an absence in the provisions in the terms of sale; while this may be true, commercial practice and precedent make it incumbent upon the customer who is in default in complying with the terms of sale,

to accept the charge, for he knows full well that by his remissness or dereliction in settling in due course, he has selfishly consulted his individual benefit to the detriment of the merchant who has accommodated him to the extent of granting him credit.

So much in justification of the practice of *charging interest*; now we come to the real problem—*collecting interest*, and unfortunately, this, on the open account is a much disputed and hotly contested point between the merchant and the customer and one that has in many cases engendered such feeling that it has ultimately led to termination of business relations.

There seems to be a woeful lack of unanimity of purpose on the part of the credit grantors, in this respect. Some of them at the first slight note of objection by the customer, instantly withdraw this rightful charge, due probably to an overwhelming desire to get in their money, which they of course, need, and with the feeling that this withdrawal of *interest* will be an incentive to pay up—or it may be due to a well grounded fear that a competitor is not exacting this rightful fee for his customer's delinquency, and that it therefore becomes a matter of self-preservation to meet his competitor's terms.

In order to collect interest we must:

First: Start with ourselves—credit grantors—endeavoring to get together in a spirit of the fullest co-operation and formulate an agreement or understanding to standardize this feature, inserting a clause in all terms of sale that "*Interest* will be charged on overdue accounts."

Second: We should work more than we do through the medium of the sales force, seeing and making sure first, that the salesmen are as a unit, in full sympathy with this purpose, then insisting that they in turn should so impress this upon the minds and consciences of the trade that when the credit department, through its necessary adjunct, the collection department, calls upon them to settle up, it will find them in a far more receptive mood to entertain and pay *interest* on their account, if it has been permitted to become overdue.

Third: Refuse to do business with a customer who wilfully, deliberately and insistently refuses either to pay his bills at maturity, or to pay the penalty for this shortcoming—*interest*. A customer who is, as you may term it, "blacklisted" by all reputable houses would indeed find it hard to exist, and would forever be a living example to many careless customers.

Members of the Association having information regarding M. R. Levy, of San Antonio, Texas, are asked to communicate with the National office. It is understood that on leaving Texas he went to California with his mother.

"National Pay-Up-Week"

Some of the retail merchants' journals of the country are urging the adoption of the week of February 21st as "National Pay-Up-Week," in the hopes that it may become an annual national event.

The "Bulletin" has already told of the success that came out of the adoption of a "Pay-Up-Week" at Waukon, Iowa, during which time in that little city of 2,000 people, over \$50,000 in old accounts was wiped off the books of the local business houses. Waukon's success particularly attracted members of the Minneapolis Association of Credit Men who succeeded in getting the adoption of the idea in several communities of Minnesota.

The "Merchants' Trade Journal," a national magazine for retail merchants, is especially urging that the movement become national, pointing out that every business line should be interested in the "National Pay-Up-Week," because it will mean, if successful, relieving the manufacturer who extends credit to the jobber, the jobber who carries the accounts of the retailers and the retailer who in turn extends credit to his customers.

If, as the journal says, people of our towns would make it a point to pay the doctor, the preacher, the grocer and all other merchants, and the merchants make it a point to pay the wholesaler and the jobber, and the latter to pay the manufacturer during this "National Pay-Up-Week," there would be more dollars put in circulation in the country than were ever started moving during the same length of time.

The Court Modifies the Arkansas Negotiable Instruments Law

The Uniform Negotiable Instruments Law was adopted in Arkansas in 1913, yet one important feature of the law is now nullified by a decision of the supreme court of that state in the case of the Bank of Holly Grove vs. Sudbury, November 15, 1915.

The Negotiable Instruments Act in some states allows the insertion of a clause in promissory notes calling for the payment of attorney's fees by the maker of the note if payment is not made at maturity and an attorney is used in its collection. The Arkansas case involved the interpretation of the Negotiable Instruments Act relative to the validity of such a clause in notes executed in Arkansas, the law as enacted there providing for such clause. The court ruled that inasmuch as the policy of the state had before the enactment of the Negotiable Instruments Act been against the insertion of such a clause, that law had not altered the established policy. In this connection the court said: "Negotiability of paper is one thing and the policy of the state as to usury and other offensive practices quite another, and the statute deals with the former and not with the latter." Under this decision such a clause in promissory notes executed in Arkansas is not valid. The court declares the policy of the state prior to the enactment of the Negotiable Instruments Act was against the inclusion of the provision for the

payment of an attorney's fee as a penalty for the non-payment of the note, and that the courts of the state had consistently refused to enforce such an agreement. It declared that the policy of the state had been thoroughly well fixed at the time of the enactment of the Negotiable Instruments Law, and while the legislature in enacting the uniform act manifested its intention to legislate in a very comprehensive way on the subject, it is not to be assumed that the legislature intended by mere implication to change the policy of the state unless the act itself accomplished that purpose, but the court found no language in the act which led to that conclusion, its effect being to declare that the provision contained in a note for the collection of an attorney's fee, when read in connection with the first section of the act, does not affect the negotiability of the instrument. It is to be noted, however, that provision in a note made in Arkansas, for attorney's fees does not invalidate the note itself.

Note This Change in Your Credit Man's Diary for 1916

A recent decision handed down by the Missouri Court of Appeals has made it possible to file conditional sales in that state instead of recording them as was previously required.

Section 2889 of the Missouri Code provides that conditional sales shall be executed, acknowledged and recorded as provided in cases of chattel mortgages. After this section became law the chattel mortgage act was amended, providing that a chattel mortgage may be FILED although NOT ACKNOWLEDGED, but nothing was said in the amendment about conditional sales. The question at once arose, did this amendment also apply to a conditional sale?

In the case referred to (S. F. Bowser & Co. vs. Gorwitz, 185 Mo. App. 421) the court said: "The amendment of the law pertaining to chattel mortgages operated as an amendment of the act relating to conditional sales, Section 2887, and a duly filed conditional sale operates as constructive notice though unacknowledged."

As a result of this decision conditional sale contracts can be filed upon the payment of a fee of 10 cents, instead of 10 cents per 100 words, the fee demanded for recording. This will mean a saving of from 40 cents to 50 cents on each contract that is filed, besides the fee for having the salesman swear to the execution of the contract which made a total expense prior to this decision of nearly \$1.00 on each contract that was recorded.

When sending contracts to Missouri for record, ask that they be filed, not recorded. A copy of the contract is all that is necessary. It need not be sworn to.

The table on page 96 of the Diary for 1916 should therefore be corrected by inserting the word "Filed" where the word "Record" now appears; and the words "Yes" and "Salesman" under the heading of acknowledgment should be omitted.

Members of the Association having in their files communications from J. Rubenstein & Company of Philadelphia, are asked to get in touch with the National office, at the earliest possible date.

EDITORIALS

There has been a hue and cry raised of late against the bankruptcy law, based upon the very small returns to unsecured creditors—between eight and nine per cent.

The "Bulletin" would be the last to get any satisfaction out of returns so meagre, but that the fault lies with the bankruptcy law it unhesitatingly and emphatically denies. Where is the proof that returns were better under as many insolvency acts as there were states, besides which is to be considered the demoralization attendant upon so many and diverse laws and the premium they would put upon precipitate action against temporarily embarrassed debtors.

The burden of proof, in these days of recognized advantage of uniformity of laws throughout the Union, is not upon the defenders of the bankruptcy law but upon those who would have no federal bankruptcy statute.

Let us, however, see whether the eight and one-half or nine per cent. return to unsecured creditors is as bad as it looks. The figures for involuntary bankruptcies for the Southern District of Florida for the year ending June 30, 1915, are before us. Liabilities of all sorts are reported as \$1,690,968.93, total assets realized \$567,937.82. These figures seem to encourage a fair return to creditors, but reading further we find the item "Property subject to liens and not administered in bankruptcy, \$346,561.57," a sum which presumably creditors and their attorneys recognized could not be diminished but was protected to lienors amply under the provision of state statutes and rulings.

So it happens that the very heart is taken out of our splendid item "total assets realized" and there is left, for so-called secured and unsecured creditors, and the defrayal of all expenses of administration \$221,376.25, out of which must be deducted the further sum of \$16,004.76, the money value of exemptions, reducing the available resources for the items named to \$205,371.47. When secured creditors have been paid \$66,245.45, there remains for administration and unsecured creditors the sum of \$149,126.02.

Now examination of the cost of administration for fifty-one cases seems far from extravagant. A large proportion of the cost of administration is fixed by statute and nobody has complained that the statutory provisions are excessive. The attorneys in the cases received the equivalent of ten per cent. of the dividends paid unsecured creditors.

The crux of the situation, the real cause of the poor showing, is the fact that these concerns in their final embarrassment uncovered a rotten situation which credit grantors should, at least in part, have discovered before they shipped their goods, that the customers were so tied up in liens of all sorts and descriptions that the seeming assets shrank like an April snowball at high noon.

Unfortunately the figures as furnished by the government require considerable analysis, else they not only do not express the facts clearly, but actually are responsible for misapprehension. The eight and one-half per cent. is all some see. To them this figure stands out luminous and alone condemns the bankruptcy law. While it cannot be expected and demanded of all that they analyze such groups of figures as are here referred to, yet certainly it is fair to demand of those who would lead, "that they know whereof they speak." False prophets are no more dangerous than leaders who grab at half truths.

There are still members who do not or will not conform, in making credit inquiries, to the rules for exchange of credit information adopted by the National Association of Credit Men in convention, and found from experience to be fundamental if the credit exchange system is to receive general support. Particularly they do not conform to the rule calling for reciprocal service in credit exchange; that is, in the presentation of such information as the inquirer possesses upon the party inquired about, and at the time he makes the inquiry.

This rule of credit exchange is most important and has been repeatedly emphasized; nevertheless, complaints have reached the National office that the Association inquiry blanks have been received with the duplicate blank, which was placed there to receive the inquirer's experience, torn off. Nowhere was a place for the inquirer to give his experience, and clearly there was direct intent not to furnish it.

Such offences against the rules of credit exchange should be met by disciplinary measures. The party receiving the inquiry should immediately call the attention of the inquirer to the rules of the Association governing credit interchange and explain that such experience as the party inquired of has on his files will be forthcoming only upon compliance with Association rules.

It is one of the largest concerns in the country. It prints on its order blank the terms upon which it makes its purchases, "2 per cent. the fifteenth of the month following the receipt of the goods at the factory."

An order, upon one of its blanks, came to an Association member, who had resolved that in his plant 2 per cent. in ten days would mean just that, and that payment must be made ten days after invoice to get the discount premium. The order from the big manufacturer was held, and a letter was forwarded naming these terms as the only acceptable terms. The manufacturer replied that the purchaser's terms must rule. Our member replied that as seller, he ought to have at least something to say. The manufacturer came back with a long letter reviewing the situation, stating that there was a deadlock, that the sellers wanted to dictate terms and they as purchasers certainly insisted on their right to say on what terms they would purchase. The letter concluded with a warning that there would be no trouble in getting the goods elsewhere, cancelled the order and promised that there would be no further business. A postscript, however, contained a complete surrender: "We need the goods; ship them on your own terms."

This is indeed the time and season to give cash discount terms their simple interpretation.

The Carnegie Foundation has been making an investigation into engineering education to ascertain the qualifications needed to make a success of the profession. The replies from fifteen hundred practicing engineers indicated that such qualifications as character, judgment and executive ability are worth 87 per cent. in the engineer's success, while the remaining 13 per cent. is given as the weight of technical knowledge and practical engineering experience. This surely gives a definition of what makes for success in an engineer which will surprise many.

Now, if we find in so technical a profession as engineering which deals with physical laws the necessity of the primary or fundamental qualities in such preponderance, who doubts that they are needed any less in the profession of the credit man, that is, the credit man who sees his work in the perspective of business as a whole?

In words only a little different, Secretary Tregoe has pointed out the qualifications of the credit grantor as the three C's—Capacity, Co-operation, Cleanness. These qualities we have no doubt are worth 95 per cent. in the success of a credit man, with the remaining 5 per cent. given to the weight of technical knowledge of the craft. The "Bulletin," then, and the Association, has never once made a mistake in its insistence upon the cultivation of the three splendid C's which are essential to the credit man's success: Credit education on its technical side is good and the demand for it is being met in many parts of the country through the unselfish efforts of association members, but it is to be remembered that all this, with actual de-

partment experience combined, is to be given not much more than 5 per cent. of the weight in calculating chances of success.

The credit man who is filled with zeal to reach the top of his profession, and we assert there is no profession more useful in conserving man's welfare, must cultivate those primary qualities which make him stand out among men as a man of never-failing fairness, a man understanding human nature, broad, yet of deep-seeing judgment, with clearness of thought, precise in action and courageous in asserting his convictions. Can any one doubt these weigh 95 per cent. in computing chances of success in credit granting?

With the really striking development of the credit exchange bureaus by local credit men's associations, a question has arisen which gives opportunity for discussion, namely, should members of one or more of these bureaus, contending that the bureaus now form the proper channel for exchanging credit information, curtail their service upon direct inquiries from fellow credit men, at least from those who are members of a local association which supports a credit exchange bureau?

Those who would answer this question affirmatively argue that these bureaus which the subscribers are faithfully endeavoring to build up to a point of high efficiency make very considerable demands upon a member in supplying full details upon his customers' paying ability, that the information is available to bureau subscribers all over the country through the system of interchange among the bureaus, and that the labors of the credit department are unnecessarily multiplied if the information given its bureau has to be repeated direct to members.

Of course, no one contends that any of this applies to a member to whom a bureau is not available and there are many such.

The opponents in this question declare that there are dangers in the position taken, that while it is right and proper to urge members to subscribe to and support their local bureaus, there should be no such lever applied as the proponents suggest.

Probably an attitude which combines the two classes of thought can be struck and will be found satisfactory—that of not refusing peremptorily to answer a member's inquiry, yet never neglecting the opportunity of urging the advantage and fairness of securing such information through the bureau established in the inquirer's city. This attitude will be beyond criticism, it will attract attention to the bureaus, it will lead to an increase in the bureaus' adherents and supporters, and step by step increase their efficiency, making them recognized as indispensable servitors of the credit department

Where Quick Settlement May Not Be Advantageous

Secretary Bridgman of the Buffalo association does not get into an argument with those who complain that bankruptcy settlements are too slow. He thinks the most convincing answer is found in a few illustrations to show how much more, slow settlements have accomplished in certain cases than quick settlements could have. Cases which are rather interesting and to the point are as follows:

Kukeze Foods, Inc.—Assets here, \$125.00, liabilities, \$3,000.00. Quick action—no dividend. *Attorneys will sue on stock liability and probably will recover enough to pay 100 cents on the dollar.*

Weis & Miller.—First offer for this stock was \$300. The Trustee refused this and by holding off finally got an offer of \$1,300. Worth while?

Essex Incubator.—First offer was \$6,800. The Trustee held off and finally sold for \$12,000. Was quick settlement better?

Dilly & Wall.—No assets in sight. Trustee sued and got a verdict for enough to pay creditors 100 cents on the dollar. Slow or quick?

Frazer, Green & Leadingham.—Awfully slow settlement. Creditors kept writing in to settle or to hurry it long. The Trustee brought suit and obtained a decision on a point that had never before been decided. He expended \$300, but gained \$5,000, for the creditors. Some of them did have the grace to extend thanks and say "well done."

O. L. Gregory Vinegar Co.—No assets, not even enough to pay the necessary watchman. Suit was brought and finally a judgment was obtained for \$26,000. This is being appealed, but there is not much doubt about the judgment being affirmed.

All of above is printed with the idea in mind that perhaps a good many of our members will look at the matter in a different light now that they have a better understanding of the situation.

Announcement of Additions to the Bulk-Sales Series

Four more leaflets of the bulk-sales series have been prepared and are ready for distribution at this time. They apply to Louisiana, North Carolina, Texas and Tennessee. Each leaflet contains the statute, court decisions and comment by local counsel suggesting the proper method of proceeding under the act. In addition, the following have already been announced and may be had upon application to the National office: Ohio, Illinois, Missouri and Florida.

CENTRAL CHATS



THINKING in narrow circles will not get one far in the days we are now living in. We speak so frequently and feelingly of "these days" that it must be we recognize them as unusual—an era, indeed, recording important transitions in the economy and thoughts of men, for which the historian of tomorrow will find a name but not the historian of today.

A wide reach of thought and cleanness of comprehension are the master strokes that will lift one from caves and caverns up to the mountain top for a clear vision of the events that are occurring and those that will occur.

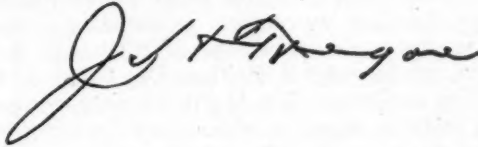
"Bigness" is the term, and we should strive for it with every laudable ambition whetted to a keen edge.

AT a meeting of the Chicago Association of Credit Men, last month, we ventured to suggest as a "National Creed" for our organization the following:

"We believe in our country, in what she has done for the principles of free government, for the peace and prosperity of her people, and what she can do in equity and justice for righteousness in world affairs, and to have men live, work and compete with one another in comity and fairness."

Can you, my fellow member, subscribe to this Creed? And, is it not now dawning upon us with convincing power that we may live no longer within the shell of our own lives but must break forth and be living units in a great nation?

That is why we venture to announce a national creed for credit men, so that in credit affairs, related as they are to national movements, there may be recognized a body of men of unselfish zeal, who in all sincerity place their nation first.

A handwritten signature in cursive script, appearing to read "J. H. McGowan". The signature is written in dark ink and is positioned below the main body of text.

Come to Pittsburgh

"Come to Pittsburgh"—This invitation so graciously extended by President Porter, of the Pittsburgh Association of Credit Men, to the national organization last June at Salt Lake is to be accepted. In a few months more this great Association will be moving on Pittsburgh "under whose beautiful canopy of smoke there are more contented and happy workmen than in any other spot on earth." Pittsburgh, the city where has been wrought those myriad miles of flawless steel which bind this vast nation into one great community life should have an appeal for every man for whom American history and especially American industrial history has any interest.

What fabulous figures, too vast for man's comprehension, must be set down to represent the treasure which Pennsylvania's western mountains and hills have given up, and with what energy and joy of the work the men of Pittsburgh and its dependent communities have gone about the task of turning this raw treasure which has lain just beneath the surface, dormant from the earliest geological ages, into such forms as will meet the necessities of a thousand factories making a million articles for which men find a ready use in their pursuit of higher comfort and happiness.

"And," don't think, "says President Porter, "that we have nothing else to show but workshops and smoke," for here is a city that has brought together in veritable hordes representatives of all races and climes, and here the great force of human amalgamation is going on to produce a new race which shall be the very hope of their adopted land.

Come to Pittsburgh, not only to see what vast business originates here, but with what earnestness and indomitable energy its people have set about to make no mean city in which to dwell, but in which the ideals of civilization, the opportunities of progress abound in high degree.

Be Sure the Representatives You Give Power of Attorney to Really Represent You

"I want you to read the letter I have just received from our attorneys, Spencer & Landis, announcing the completion of their work in the bankruptcy case of Buchanan & Son," writes W. A. Masters, of the John S. Brittain Dry Goods Company of St. Joseph, Mo. The bankrupts, Mr. Masters writes, were apparently endeavoring to include among creditors with prior liens a list of relatives, but the attorneys for the creditors were one better and succeeded in eliminating all relatives' claims. Their letter reads:

"In the matter of Buchanan & Son, have just secured second and final dividends of 58 per cent., making 78 per cent. dividends that we have obtained in this bankruptcy case. It is more than twice what would have been obtained had the assignment been conducted through the state courts, as through bankruptcy we have eliminated more than half of the indebtedness in the assignment. There will be nothing further in this matter and your files should be charged to profit and loss."

Here and There

The Portland Association of Credit Men is starting a course of lectures at the University of Oregon on subjects of credit and allied topics given by D. Walter Morton, dean of the School of Commerce of the University, and Don C. Sowers, one of the professors of the department.

Secretary Dickerson of the Chicago association has written the National office of the death of Matt W. Pinkerton of Pinkerton & Co. U. S. Detective Agency, reference to whose methods and operations has been frequently made by the Association. Mr. Pinkerton's widow has taken charge of all the papers of the agency and members of the Association having papers regarding claims with Pinkerton still in the hands of the agency, should address Mrs. Pinkerton at 4430 Ellis Ave., Chicago.

The Baltimore Association of Credit Men was particularly fortunate in securing for its February meeting the Hon. John Sharp Williams, senator from Mississippi and Edwin E. Pratt, Ph. D., chief of the Bureau of Foreign and Domestic Commerce. Secretary Buck, in giving the National office this information, tells of the effort of the Baltimore association, in conjunction with other business organizations in Baltimore, to get President Wilson to make his speech on preparedness in Baltimore.

Major T. J. Bartlette of the New Orleans Credit Men's Association has been named lecturer in charge of instruction in credits and collections in the College of Commerce and Business Administration of Tulane University of Louisiana. This department of the university was made possible by the chamber of commerce of New Orleans, which guaranteed a sum annually sufficient for its maintenance in a manner befitting the other departments of this splendid southern university. In Major Bartlette's hands the credit course will be well conducted.

President George W. North of the Davenport association informs the National office that the ribbon in the contest for a model mercantile agency form, the result of which was fully set out in the January "Bulletin," should go to William Blaser, of the Independent Baking Company, by whose studies in the main the model report was produced. Mr. Blaser's name does not appear in the January "Bulletin," credit being given to the Tri-City Credit Men's Association as a joint production. The "Bulletin" now takes pleasure in announcing that Mr. Blaser is the one member of that association to whom special credit belongs.

For the purpose of working more closely with the mercantile agencies, in improving the value of their reports to their subscribers, the Mercantile Agencies Committee of the National Association of Credit Men has had created at the general offices of the Association, 41 Park Row, New York, a Mercantile Agency Department. Any short-comings, any inaccuracies in reports received by members should be reported to this department. It is to be observed, however, that with a view to saving time and treating local officers of agencies fairly, deficiencies in service of a local nature should be

taken up with local representatives who, as experience shows, are as a rule glad to co-operate in any reasonable effort for methods eliminating errors.

The Atlanta Association of Credit Men has been fortunate in securing as trust officer of its adjustment bureau and supervisor of the credit exchange bureau Leroy Gregory, formerly in charge of the credit department of the Atlanta National Bank. Mr. Gregory was also for many years with R. G. Dun & Co. as city reporter and is thoroughly in touch with the wholesale interests in Atlanta as well as its adjacent communities. He has their complete confidence and they recognize him as a man unusually well equipped to conduct the affairs of the bureaus intelligently and efficiently. This may be accepted as a suggestion to all the members of the Association doing business in Georgia, that they use for the adjusting of their bankruptcy and insolvency claims the Atlanta bureau under Mr. Gregory's management.

Through the courtesy of Edwin P. Stewart, of the Minneapolis association, the "Bulletin's" attention is called to a bill (H. R. 138) providing that the receipt for registered mail matter shall be taken on the delivery of any registered mail, showing to whom and *the place where the same was delivered*. At present the law requires that the receipt shall show all of these items except the place of delivery. The measure was introduced by Representative George R. Smith, of Minneapolis. The thought that prompted Mr. Smith in introducing this legislation was that the present policy of the government is to assist legitimate business in every way. It recognizes that parties receiving credit often neglect, after changing their addresses, to inform the merchant of the change, thus causing him much unnecessary expense in re-locating him. If the postmaster is permitted to give out information as to the addresses of patrons of his office for lawful and proper purposes, no hardship would be worked upon the debtor and the merchant's time and money would be saved, thus protecting him in a still further way legitimately in the extension of credit. In passing the act, Congress does not put upon the government any extra expense, while the public will be much benefited. Those to whom the measure appeals, and the "Bulletin" believes there will be many members of the Association to whom it will appeal, should urge the passage of the measure upon their representatives in Congress.

Secretary Buck of the Baltimore association, feels that he has to his credit a record of three good merchants, deserving and true, still in business, who, if it had not been for the efforts of the Baltimore adjustment bureau, would have been out of business or entering on a new struggle to get on their feet. He brought about in these cases extensions which were against the judgment of the minority of the creditors. Their purposes, however, were defeated, and finally all the creditors in each case were united upon the adoption of the policy of the bureau. Two of the merchants, says Secretary Buck, have now paid in full and are still in business; the third has paid seventy per cent., with excellent chances of making one hundred cents.

Testimonial to Frank H. Randel

Thirty-three of the old guard of the Cleveland Association of Credit Men, especially those who had interested themselves in the organization and operation of the adjustment bureau, were unanimous in a desire to give special recognition to Frank H. Randel, who just retired from the presidency of the association, after serving faithfully as official and on various committees for many years.

In order to give themselves and him the pleasure of a surprise they requested Mr. Randel to attend a luncheon "to take up a matter which had been under discussion." The plan worked, for Mr. Randel was taken completely back when he found the particular purpose of the luncheon was to do him honor.

At its conclusion, in behalf of his fellows, W. B. Fish, of the Printz-Biederman Co., in an appropriate speech presented Mr. Randel with a beautiful gold watch. It was clear from Mr. Randel's reply that those who had conspired in his behalf had been completely successful in their secret.

Membership

The January "Bulletin" outlined the plans of the Minneapolis association to offer a cup or trophy for membership competition for the year ending January 1st, 1916, the winner to be that association which secured the best membership results looked at from every angle. President Moore has appointed a committee on rules of award. The committee has a delicate task to perform for there are many elements entering into such contest, besides gross membership gain. The committee named by President Moore is the following: Charles E. Shives of the Bigalow Fruit Co. of Cleveland; W. H. Matthai, Jr., of The National Enameling & Stamping Co. of Baltimore; J. S. Stewart of DeVoe-Raynolds Company of Kansas City; W. D. Harvey, of Farley, Harvey Company, Boston Mass., and H. Uehlinger of Moller & Schumann Company, Brooklyn, N. Y.

EXPLANATION OF MEMBERSHIP DIAGRAM.

The country is divided into six divisions, each division taking its name from the city in which resides either the chairman or one of the sub-chairmen of the Membership Committee, and each sub-chairman is especially charged with the duty of looking after his division.

The diagram is based upon the figures of net increase asked by the committee from each association during the year, and its net increase, added to the membership as of June 1st, 1915, gives the goal in each case. Gains are registered in the percentage column, that is to say, when an association has increased to the extent of 25 per cent. of the net increase expected of it, its net membership is then recorded in the 25 per cent. column, and when it has made 50 per cent. of the net increase expected its total net membership

WORCESTER DIVISION

[illegible]

SEATTLE DIVISION

CITIES	June 1st, 1915	Net In- crease Ex- pected	Net Gain	DEGREES OF PROGRESS					★★	MEMORANDA
				25%	50%	75%	100%	Goal		
				▼	◆	●	★			
Boise	25	7	.....	.....	.....	.....	.....	32	.....
Butte	33	12	1	.....	.....	.....	.....	45	.....
Great Falls.....	18	7	2	20	.....	.....	.....	25	.....
Los Angeles.....	341	59	*2	.....	.....	.....	.....	400	.....
Portland	212	38	4	.....	.....	.....	.....	250	.....
Salt Lake City..	121	10	0	.....	.....	.....	.....	131	.....
San Diego.....	20	15	12	.....	.....	32	.....	35	.....
San Francisco..	248	52	*17	.....	.....	.....	.....	300	.....
Seattle	299	51	*1	.....	.....	.....	.....	350	.....
Spokane	83	17	0	.....	.....	.....	.....	100	.....
Tacoma	82	18	2	.....	.....	.....	.....	100	.....
*Net Loss.										

PEORIA DIVISION

CITIES	June 1st, 1915	Net In- crease Ex- pected	Net Gain	DEGREES OF PROGRESS					★★	MEMORANDA
				25% ▼	50% ◆	75% ●	100% ★	Goal		
Birmingham	77	13	0	.....	.....	.....	.....	90	.....
Bristol	50	10	*3	.....	.....	.....	.....	60	.....
Chattanooga	85	15	3	.....	.....	.....	.....	100	.....
Chicago	1219	181	47	.....	.....	.....	.....	1400	.....
Cleveland	640	110	46	686	.....	.....	.....	750	.....
Columbus	173	42	2	.....	.....	.....	.....	215	.....
Decatur	27	8	0	.....	.....	.....	.....	35	.....
Detroit	513	37	*18	.....	.....	.....	.....	550	.....
Grand Rapids...	268	32	12	280	.....	.....	.....	300	.....
Knoxville	88	12	*11	.....	.....	.....	.....	100	.....
Montgomery ...	32	8	0	.....	.....	.....	.....	40	.....
New Castle.....	21	4	2	.....	23	.....	.....	25	.....
Peoria	52	23	5	.....	.....	.....	.....	75	.....
Pittsburgh	931	0	*112	.....	.....	.....	.....	931	.....
Quincy	46	9	0	.....	.....	.....	.....	55	.....
Selma, Ala.....	21	5	*1	.....	.....	.....	.....	26	.....
South Bend....	27	13	0	.....	.....	.....	.....	40	.....
Springfield, Ill...	40	10	0	.....	.....	.....	.....	50	.....
Toledo	148	32	10	158	.....	.....	.....	180	.....
Youngstown ...	142	33	3	.....	.....	.....	.....	175	.....
*Net Loss.										

MINNEAPOLIS DIVISION[illegible]

ASSOCIATIONS SHOWING THE LARGEST NET GAINS DURING THE
MONTH OF JANUARY.

Association.	Net Gain.	Membership as of Feb. 1.	Membership asked for by June 1, 1916.
Detroit Association of Credit Men	12	495	550
Indianapolis Association of Credit Men..	12	183	200
St. Louis Association of Credit Men.....	12	652	725
New York Credit Men's Association....	10	1,504	1,700
Chicago Association of Credit Men.....	9	1,266	1,400
Minneapolis Association of Credit Men..	9	356	400
Boston Credit Men's Association.....	7	670	725
Lincoln Credit Men's Association.....	5	63	70
New Haven Association of Credit Men..	5	91	110
St. Paul Association of Credit Men.....	5	319	350

NEW MEMBERS

New Members Reported During January

Atlanta, Ga.

Fisk Rubber Co. of N. Y.,
The E. R. Howell..... Rubber Tires.
Westinghouse Electric &
Mfg. Co. O. B. Shaw..... Electrical Supplies.

Baltimore, Md.

Baltimore Harness Co.,
Inc. C. E. Tubman Harness.
King, J. L., & Co..... Commission Merchants.
Standard Skirt & Dress
Co. Maurice Summer-
field Skirts and Dresses.
Torsch Packing Co. John R. Baines.... Canned Goods.

Boise, Idaho.

Pearl Candy Co. W. D. Buckman.... Candy.

Boston, Mass.

Adams, F. Russell..... Kingston, Mass..... Insurance.
Ames Plow Co..... P. H. MacDonald.. Agricultural Implements.
Blake Bros. & Co..... Edw. K. Hall..... Insurance.
Granite Overall Co..... Nashua, N. H. Overalls.
New England Sand & Gra-
vel Co. P. M. Wagner, W.
Peabody, Mass... Sand and Gravel.
Moseley, F. S., & Co..... Harry C. Robbins.. Bankers.
Queen Ins. Co., of New
York Harry R. Worthley. Insurance
Skinner Chuck Co., The. H. G. Hancock,
New Britain,
Conn. Chucks.
Sun Company M. S. Jones..... Oils.

Brighton, Colo.

Strong Mer. Co., The.... D. P. Mossman.... Merchandise (General).

Buffalo, N. Y.

Sullivan, C. F., Co., The.. C. F. Sullivan..... Lumber

Burlington, Vt.

Lincoln Iron Works.....I. I. Beinhower,
Supt., Rutland, Vt. Machinery (Stone Work-
ing).

Butte, Mont.

Calkins, B. E., Co.S. M. Swordling...Paper and Stationery.

Chicago, Ill.

Beek, Wm. G.Optician.
Bohemian Importing Co..B. F. Porges.....Dry Goods.
Brodsky, Palman, Gelber
Co.J. J. BrodskyGrocers.
Brown & Sharpe Mfg. Co. G. M. PearseMachinery.
Cohn, Jacob, & Son.....I. N. CohnWoolens.
Cornell Wood Products
Co.C. F. HowellWood Products.
Coyle, E. J., & Co.D. J. MarthaBlacksmiths' Supplies.
Donohue, M. A., & Co...Geo. H. RalphPrinting.
German Bank of Chicago Harry H. Keyes ...Bank.
Hutchinson, W. H., &
SonH. P. Linderman..Machinery (Bottlers).
National Candy Co.....A. R. KrauseConfectionery.
Smith, R. P., & Sons Co. Edwin K. Ryerson..Shoes.
Sturges & Burn Mfg. Co. W. H. Burn.....Metal Specialties.
Sullivan Machinery Co...E. J. Bouchard....Machinery.
Zimmer, Geo. W.Beds (Spring).

Cincinnati, O.

Tort, Abraham H.Clothing.

Cleveland, O.

Donley Bros. Co., The..Clarence Quirk ...Building Materials.
Forest City Suspender Co.Samuel GellerSuspenders.
Grant-Lees Gear Co., TheC. W. Blossom....Automobile Parts.
Republic Stove & Mfg.
Co., TheMeyer FirthGas Stoves.
Ritter, P. J., Conserve Co.Walter J. Nichols..Food Products.
Sandusky Portland Ce-
ment Co.E. J. Maguire.....Cement.

Danbury, Conn.

Simon & KeanePhilip SimonHats.

Dayton, O.

Ingle System Co., The...J. H. SchierlchSystems.
Irvin, Jewell & Vinson
Co.L. H. Vinson.....Paints and Glass.
Mendenhall, A. L., Co...A. L. Mendenhall..Millinery.

Denver, Colo.

Peck & Hills Furn. Co...Anna A. Eckels....Furniture.

Detroit, Mich.

American State Bank of
DetroitGordon Fearnley ..Banking.
American State Bank of
Highland ParkR. C. Siple, High-
land Park, Mich..Bank.
Brennan, John, & Co....F. E. Werneken...Boilers.
Brown, M. V., & Sons Co. W. E. Brown.....Engraving.
Crescent Brass & Pin Co. Wm. A. Gray.....Pins and Chaplets.
Detroit Soluble Oil Co...A. H. Pearson.....Oils.

Gardner-White Co. E. C. White..... Furniture, Stoves and
Carpets.
Himelhoch Bros. & Co... L. M. Hefner..... Cloaks and Suits.
Ladd, John W., Co..... J. C. Miller..... Creamery Supplies.
Moulthrop, H. C..... Broker.
Northway Motor & Mfg.
Co. L. M. Payne Motors.
Pattison, W. M., Supply
Co. E. B. Barker Machine Tools.
Segal, Jacob, & Co..... Jacob Segal Diamonds.
Zuieback & Hartman Co. R. Zuieback Cloaks and Suits.

Dubuque, Ia.

Beach, James & Son.... Chas. B. Beach.... Soap.
Glasser D. C., Tob. Co.... Mildred Liddy Tobacco.

Ft. Worth, Tex.

Merchants Retail Credit
Assn. R. E. Kerr Trade Association.

Grand Rapids, Mich.

Phoenix Sprinkler &
Heating Co. Karl L. Ziesse.... Sprinkling Systems.

Great Falls, Mont.

Montana Flour Mills Co. Lewiston, Mont.... Flour Mill.
U. S. Rubber Co..... Rubber Goods.

Green Bay, Wis.

Fish Net & Twine Co.,
The Lewis Lichtenstein,
Milwaukee, Wis. Fish Nets and Twine.
Wilson & Walter Co.... B. L. Walter..... Hardware.

Hartford, Conn.

Pierce, E. S..... Office Equipment.

Huntington, W. Va.

American Bank & Trust
Co. H. H. Harvey..... Bank.
Ashland Milling Co.... Cy. M. Preston,
Ashland, Ky. Milling.
Berry-McCray Co..... H. F. Elam Jams
Carolina Pine Lbr. Co... G. J. Dickerson... Lumber.
Cohen, Joseph Clothing.
Consolidated Gro. Co... L. J. Reiter,
Ashland, Ky. Groceries.
Crump & Field..... T. A. Field, Ash-
land, Ky. Groceries.
Dun, R. G. & Co..... R. A. Walton..... Mercantile Agency.
First National Bank.... S. F. Hoard.....
Ceredo, W. Va... Bank.
First National Bank Jos. S. Miller,
Kenova, W. Va... Bank.
Hampton Bro. Co..... Winn Adams,
Catlettsburg, Ky. Groceries.
Harshbarger Milling Co. I. J. Harshbarger,
Milton, W. Va... Milling.
Huddleston Lbr. & Sup.
Co. C. C. Huddleston.. Lumber and Supplies.
Huntington Lbr. & Supply
Co. W. E. Minter..... Lumber and Supplies.
Huntington Plate Glass
Co. G. J. Nicholson... Plate Glass and Mirrors.
Kitchen-Whitt & Co.... F. R. Henderson,
Ashland, Ky. Groceries.

Krish, H., & Co.....	H. Krish, Catletts- burg, Ky.	Dry Goods.
Mossman Bros.	G. M. Mossman....	Feed and Builders' Sup- plies.
Ohio Valley Mill & Supply Co.	D. G. Putnam, Ashland, Ky.	Feed.
Penn Table Co.	A. L. Gregory.....	Tables.
Poage, R. C., Milling Co.	J. H. Foster, Ash- land, Ky.	Milling.
Sanitary Mfg. Co.....	O. B. Bake.....	Bathroom Supplies.
Saunders-Weider Co....	C. M. Saunders ...	Flour and Produce.
Swann, Frank P.		Typewriters, Adding Ma- chines and Office Sup- plies.
Thompson, A. F., Mfg. Co.	A. F. Thompson ..	Lighting and Heating Ap- pliances.
Thornburg, Watts & Frost	C. W. Thornburg..	Insurance (General).
Voegele & Dinning Co...	H. M. Krebs.....	Candy.
Williamson, Ben & Co...	Frank Ross, Ash- land, Ky.	Hardware.
Wilson Creamery Co....	J. L. Wilson.....	Creamery.

Indianapolis, Ind.

Barton, Wm. E., & Co...	W. E. Barton	Insurance.
Central Supply Co.....	W. S. Wilson	Plumbers' Supplies.
Fieber & Reilly	John B. Reilly ...	Insurance.
Fulton Office Furniture Co.	H. L. Clevenger...	Furniture (Office).
Haskett, O. D., Lumber Co.	O. D. Haskett.....	Lumber.
Indianapolis Coal Co....	John A. George....	Coal.
Johnson, Wm. F., Lumber Co.	Paul W. Bowman..	Lumber.
Lamb, George R., & Co...	A. R. Abbott.....	Audits and Systems.
Merchants Printing Co...	W. S. Spring.....	Printing.
Miller Grain Co.	N. W. Miller.....	Grain.
Off, Christian, & Co.....	Albert H. Off.....	Tinning and Roofing
Sayles, C. F., & Co.....	John E. Milnor....	Insurance.

Jonesboro, Ark.

Heinemann Dry Goods Co.	Martin J. Hill....	Dry Goods.
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Kansas City, Mo.

Helmets Mfg. Co.	W. C. Helmets....	Furniture.
Iten Biscuit Co.	L. H. Fuqua.....	Crackers.
Western Exchange Bank	D. W. Evans.....	Bank.

Knoxville, Tenn

Atlas Powder Co.....	J. R. Welch.....	Powder and Explosives.
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Lexington, Ky.

Central Tobacco Co.	Thomas Conway ..	Tobacco.
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Lincoln, Neb.

Branch Bros.		Leather and Findings.
Magee's	H. R. Amos.....	Furnishings (Men's).
Mayer Bros. Co.	C. R. Davis	Clothing and Furnish- ings.
Stoddard Co., The	Paul J. Sardeson..	Ladies' Furnishings.
Wilson & Dana		Poultry.

Louisville, Ky.

Acme Evans Co.	E. T. Bierbaum....	Flour.
Bagby-Howe Drug Co.	Roy A. Bagby	Drugs.
Louisville Old Inn Hotel Co.	H. Steinhiller	Hotel.
Waters-Garland Co.	W. N. Young	Factory Supplies.

Milwaukee, Wis.

American Parlor Frame Co.	E. A. Lutze, Sheboygan, Wis.	Parlor Suite Frames and Wood Bds.
Invincible Metal Furn. Co.	A. L. Noel Manitowoc, Wis.	Furniture (Metal).
Truss, J. E., & Co.	J. E. Truss	Bakers' and Confectioners' Supplies.
West Bend Aluminum Co.	B. A. Ziegler, Secy., West Bend Wis.	Aluminum Goods

Minneapolis, Minn.

Acme Tag Co.	Oscar Lonegren	Tags.
Courtney, C. A.		Paper.
Gateway State Bank	K. Ekman	Bank.
Harris, Chas., & Co.	Chas. Harris	Novelties.
Lathrop Kemps Ice Cream Co.	L. R. Zickert	Ice Cream.
Northwestern Knitting Co.	E. A. MacDermid..	Underwear.
Northwestern School Supply Co.	A. V. Jones	School Supplies.
Peoples State Bank.	Forrest Lake, Minn.	Bank.
Skellet Company.	Thos. J. Skellet...	Transfer and Storage.
State Bank of Commerce	E. B. Knudtson....	Bank.
Superior Electric Mfg. Co.	G. E. Merrill	Electrical Supplies.
Swinburne & Co.	H. C. Swinburne...	Printing.

New Haven, Conn.

Baldwin, D. W., & Son, Inc.	H. D. Baldwin....	Automobile Bodies.
Birmingham National Bank	Frank M. Clark, Derby, Conn.	Bank.
Booth & Law Co., The..	G. Harold Law....	Paints, Oils and Glass.
Steinbach, A. D.		Printing and Lithographing.

New Orleans, La.

Cormier, Chas. E., Rice Co., Ltd.	W. T. Smith.....	Rice.
Devoe, F. W., & C. T. Raynolds Co.	W. M. Gordon....	Paints.
General Film Co.	N. I. Ehrlich, Mgr.	Moving Picture Supplies.
Hercules Powder Co.	Fred Foley	Powder.
Israel, Mayer & Co., Inc.	Mayer Israel.....	Clothing and Furnishings.
Jacobs Candy Co., Ltd.	Alex. M. Lisso	Candy.
Katz, S. & J. & Co.	Ferd, Katz	Dry Goods and Notions.
Lackman & Jacobi	A. L. Jacobi	Wines and Liquors.
Lichtentag, Saul		Laces and Fancy Goods.
Manion & Co.	J. E. Manion	Mill and Plumbers' Supplies.
Sherwin-Williams Co.	A. E. Allen	Paints.
Stearns, Frederick & Co.	Edw. W. Richardson. son.	Pharmacists.

New York, N. Y.

Abrams & Marcus Chas. Marcus Shirts.
 American Abrasive Metals
 Co. R. P. Spooner Foundry.
 Bainbridge, Henry & Co. J. E. Nicholas Stationery.
 Bischoff Bros. Marcus Bischoff .. Shirts.
 Bonties, Barnhart &
 Schultz Co., Inc. C. C. Dexter Silks and Cottons.
 Bossert, Louis, & Son... George Haefner,
 Brooklyn, N. Y. Lumber.
 Brummer, Max B., & Son. Clothing.
 Chipman's, Chas., Sons
 Co., Inc. Geo. L. Miller Hosiery.
 Chuck, Davis & Co. Philip L. Davis Cotton Goods (Conver-
 ters).
 Cloyes-Lyon Co. Vernon R. Moore .. Publishers.
 Crystal Spring Water Co. E. C. Clifford. Spring Water and Bever-
 ages.
 Goldman, Julian Co. Julian Goldman .. Cloaks and Suits.
 Heinrich, Herrmann &
 Weiss Robert Herrmann Leather Goods.
 Levering & Garrigues Co. F. S. Wells Steel Construction.
 Lindenman, Gross & Hin-
 des William Birnbaum. Cloaks and Suits.
 McCabe, Benj., & Bro. Carpets and Rugs
 Melachrino, M., & Co.,
 Inc. G. S. Huskamp Cigarettes.
 New York Mackintosh
 Clothing Co. W. F. Hay Waterproof Garments and
 Druggists' Sundries.
 Ortenbach & Prager Claude A. Prager.. Dry Goods (Commis-
 sion).
 Princely Mills, Inc. Oscar Levy Cotton Goods.
 Schlesinger, Max Silks.
 Silver, Samuel Cloaks and Suits.
 Star Neckwear Co. N. Schoenfeld Neckwear.
 Superior Garment Co. Geo. R. Starr Cloaks and Suits.
 Walker & Heisler C. V. Hoffman Carpets and Rugs.
 Whiting Paper Co. J. A. McCann Stationery.
 Wilfert, John, Co. W. Gerald Hawes. Pipes, Valves and Fit-
 tings.
 Wolf, I. S., & Co. Albert B. Heller... Dry Goods (Jobbers,
 Commission, Importers,
 etc).

Newark, N. J.

Burnett, Curtiss R. Oils.

Norfolk, Va.

Armour & Co. H. E. Marquiss ...
 Packers and Packing
 House Products.

Norwich, Conn.

Norwich Belt Mfg. Co.,
 The Chas. S. Eaton, Tr.. Belting (Leather).

Oakville, Conn.

Autoyre Co., The R. G. Stewart, Tr.. Wire and Metal Novel-
 ties.

Oshkosh, Wis.

New German-American
 Bank T. R. Frentz, Cash. Banking.
 Oshkosh Paper Box Co. ... T. Howard Godshall Boxes (Paper).

Penn Yan, N. Y.

Birkett Mills, The A. L. Bailey, Tr... Flour and Feed.

Phila., Pa.

Southwark National Bank J. W. Coleman.... Bank.
 Standard Index Card Co. W. D. Roland Index Cards.
 United States Radiator
 Corp W. R. James Boilers and Radiators.

Pittsburgh, Pa.

Newell & Schneider..... Jos. A. Schneider.. Shoes.

Portland, Ore.

Adrian Neckwear Co..... A. Reinhart Dry Goods.
 Johnson Lieber Co. M. W. McMurtrey. Brokers (Merchandise).
 Pacific Fruit and Produce
 Co. Emma Storey Fruits and Produce.
 Stearns Hollinshead Co.. E. A. Hollinshead. Drugs.
 Valvoline Oil Co..... N. W. Reichert Oil.
 Underwood Typewriter
 Co. I. L. Riggs Typewriters.

Providence, R. I.

Harris, A. W., Oil Co... A. D. Greene, Tr.. Oils.
 Johnson, Arthur L., Co.. A. L. Johnson.... Brokers (Merchandise).
 Salisbury, D. S., & Co.. C. A. Bryant Tailors' Trimmings.
 Tilden Thurber Corp... W. E. Darling Jewelry.

Roanoke, Va.

Bradstreet Co., The W. B. Miley Mercantile Agency.
 Fenton China & House
 Furnishing Co. Wm. H. Fenton .. Furniture.
 Griggs Packing Co. C. M. Griggs..... Packers and Cold Stor-
 age.
 Lemon Kola Sales Agency
 Co. N. W. Walters.... Soft Drinks.
 Roanoke Notion Co. W. R. Hardin Notions.

Rochester, N. Y.

Genesee Hide & Tallow
 Co. L. H. Waterman... Hides and Tallow.
 Stone, W. R. Individual.

Sacramento, Cal.

Boyd, James O. Care of Wholesale-
 salers Credit Assn. Individual.
 Hopkins, A. S., Co. A. L. Triplett..... Importers.

St. Paul, Minn.

Capitol Suspender Co... L. D. Horne..... Suspenders and Knit
 Goods.
 Cobb, R. E., Co. T. T. Wing Butter, Eggs and Poultry.
 Guttman Bros. Co. G. Guttman Groceries.
 Kaufman Bernstein Jew-
 elry Co. M. Kaufman Jewelry.
 Wherrie, Evans & Co. .. A. G. Evans Millinery.

Seattle, Wash.

Albion Mfg. Co. E. A. Nelson..... Asbestos Pipe Covering.
 Gill, E. S. Individual.

Hartney, E. J., Emboss-
ing Co. E. J. Hartney.... Embossing and Engrav-
ing.

Winton Co., The J. L. Stixrud Automobiles.

Sioux City, Ia.

Davidson Bros. Co. B. W. Prusiner.... Dry Goods and Notions.
National Bank of Com-
merce N. H. Crowell Bank.

Syracuse, N. Y.

Conde, W. W., Hdw. Co.. B. C. Wilmot,
Watertown, N. Y. Hardware.

Tacoma, Wash.

Bankers Trust Co. A. V. Hayden Bank.
Glacier Fish Co. Joseph Maddock .. Fish.
Olympia Knitting Mills,
Inc. C. W. Maynard,
Olympia, Wash... Knit Goods.

Pacific Storage & Trans-
fer Co. M. Newell Transfer and Storage.
Tacoma City Creamery.. W. H. Staatz Creamery.

Utica, N. Y.

Utica Ice Cream Co M. C. O. Putnam.. Ice Cream.

Washington, D. C.

Crane Company H. A. Horstman.... Plumbers' Supplies
District National Bank.. R. N Harper, Pr... Bank.
Dun, R. G., & Co. John Brewer..... Mercantile Agency
National Surety Co. W. H. Ronsaville.. Surety Bonds.
Semmes Motor Co. Chas. W. Semmes. Automobiles.

Waterbury, Conn.

American Ring Co Chas. M. Dittrich.. Brass Goods.
Waterbury Farrell Fdry.
& Mach Co. W. S. Fulton, Tr... Machinery.

Waterville, Conn.

Welch, H. L. Knit Under-
wear Co. J. M. Judson, Tr... Underwear (Knit).

Worcester, Conn.

Knapp, Henry H. Individual.

ASSOCIATION NOTES

Bluefield-Graham, W. Va.

At the meeting of the Bluefield-Graham association in January, George Phillips, of the Wright Milling Company, Bluefield, was elected president; W. A. Scott, of the W. A. Scott Company, Tazewell, was elected vice-president; and P. J. Alexander, of the Flat Top Grocery Company, Bluefield, secretary-treasurer.

The chairman of the membership committee reported that the work of securing new members was proceeding and that the expectation was that by the February meeting there would be at least twenty-five members enrolled.

Boston.

The physical side of man and the necessity of guarding the body against the inroads of disease, was the subject of an address made by Dr. Richard C. Cabot before the members of the Boston Association of Credit Men at the meeting of January 11th. He declared that the millionaires and the poor obtain the best medical treatment, but the middle-class people, who object to being treated for ten cents and yet can not afford to pay the fees that the rich pay, fare badly because they defer diagnosis until the last possible minute.

To meet this difficulty he suggested the establishment of co-operative units for obtaining better medical care, hospital units where the members would pay a stipulated fee for being treated during the year when occasion arises, and through it getting much better service than from a family physician because there would be specialists in the various diseases and the cost might not be more than one-half the regular doctor's bills for the year.

In illustration of his point he told of the group system of treatment in vogue at the University of California, whereby the health of seven thousand students is looked after by the best specialists, at a cost of \$5 per capita. The best medical work, he declared, can only be provided where specialists in various lines are available, and the poor work done in the isolated manner of the present system is too absurd to be allowed to continue.

He told of an experiment he had made in Boston when, at his suggestion, a group of one hundred men was formed, each of whom paid \$10 to a group of five specialists for a complete physical examination. Of the one hundred men, all of whom were presumably in good health, sixty-four were found to be in need of some kind of medical attention, the eye specialist, for instance, finding an incipient case of glaucoma, which if allowed to continue would probably have resulted in blindness, and several cases of tuberculosis in the early stages were also found.

Following Dr. Cabot's address, Secretary Franklin H. Wentworth of the National Fire Protection Association suggested a plan for obtaining the data needed to pave the way for the organization of a medical group and co-operative hospital. He had cards distributed among the members to be filled out by them and their friends, with the object of getting mortality statistics from approximately five thousand families on which to base a specific rate to insure to all the best of medical treatment by the year.

Another speaker was Postmaster Murray of Boston, who declared that the post-office game is the greatest in the universe and the post-office about the greatest enterprise in the world. He spoke on the post-office facilities of Boston and the plans formulating to take care of growing demands.

Buffalo.

At the meeting of the Buffalo association, held January 20th, the credit interchange bureau was the main subject of the meeting, J. B. Dwyer introducing the subject and calling upon T. W. Hammond to tell what membership in the bureau had meant to his concern.

Mr. Race spoke on the advantage of completing trade lines in the bureau, and John J. Dolphin was convincing of the value of the bureau. He referred to a concern of his acquaintance that did a half-million-dollar business with a loss of but one-twentieth of one per cent., while another concern under practically the same conditions had losses of one-fifth of one per cent., the former being a member of the bureau, the latter endeavoring to do business without it. Mr. Dolphin testified he used the exchange bureau and that it has been of very material assistance in keeping his losses down to a remarkably low sum. There are many houses, he declared, that he would not sell at all if it were not for the information obtainable through bureau membership.

The speaker of the evening was Edward James Cattell of Philadelphia, who spoke on the remarkable development which this country has seen in the last fifteen months.

Central West Virginia Association, Clarksburg.

The Central West Virginia Association of Credit Men, at its noon-day luncheon of January 13th, heard an address by C. B. Alexander, a leading local insurance broker, on the importance of fire insurance and its relation to credit. Mr. Alexander brought out the importance to the insured of keeping a correct inventory, not only for the year just closed, but for the year previous; again, the importance of complying with the iron safe clause, and again of keeping a set of books or a record of all sales and purchases. He stated that he had found the principal trouble in adjusting fire losses due to the fact that the points he had named had not been complied with. One is surprised, he said, to discover the number of merchants who do not keep more than the last inventory, others who do not comply with the iron safe clause and have no records whatsoever of their purchases and sales, and no facts upon which to base their record of proof of loss. Because of the credit man's reliance upon the merchant's stock of goods, Mr. Alexander said, it behooves all credit men to impress upon their customers the importance of complying with the conditions named, for it is not the desire of insurance companies or their agents or adjusters to repudiate a just claim, the motto of the good line insurance company, being "What do we owe the insured?" and not "What can we settle for?"

At the request of the meeting, Mr. Alexander promised to furnish the credit men of Clarksburg a list of suggestions which, in his opinion, it would be advisable for the credit man to take up with his customers in order that they may be certain of complying with the conditions of the policy, thus evading friction and unnecessary loss in case of fire.

Chicago.

The Chicago Association of Credit Men had a meeting January 18th, with an attendance taxing the capacity of the grand ballroom of the La Salle Hotel. Edward N. Hurley, of Washington, vice-chairman of the Federal Trade Commission, was one of the speakers, his subject being "Our Many Business Problems." Speaking of the Federal Trade Commission's work, he showed that it is designed to serve the business interests of the country, but to serve them, he said, it must have the facts, and it is going to ask business men in the next few weeks to answer a few simple questions pertaining to their industries, the answers to which will be compiled for their benefit.

He took up the importance of thorough cost accounting, affirming that whole industries in many instances are suffering from a general lack of intelligent knowledge of costs. This weakness the Federal Trade Commission, he said, intends to lay emphasis on by endorsing standard systems of bookkeeping and cost accounting and by assisting in devising standard systems, either at the request of individual merchants and manufacturers, or through the association that represents the industry. For this work the commission, he said, expects to have an adequate force of experienced accountants and cost experts.

Secretary Tregoe, of the National Association, was another speaker, his subject being "Our Association and Its Influence in National Affairs."

Mr. Tregoe declared that credit men had some peculiar problems to solve, some within their own ranks, and some in business at large. These, he said, call for a broad spirit, a spirit of determination to help, even though the correction of the problem may force changes in one's methods.

Mr. Tregoe referred to the change that has taken place in the last two years in the securing of an adequate banking and currency system. He showed the evils of the old system, for which the country stood during a period of fifty years, marked by incalculable unnecessary waste. Many he said, and particularly among the bankers, opposed a change. They felt they could make more money under the old individual banking system, but this association went ahead and fought for a change and it came to bring blessings upon our industrial life in the Federal Reserve System. Even, he said, if that system does not represent everything that is to be desired, everything which we believe is scientific in banking and

currency systems, we must be patriotic enough to give it a chance to demonstrate its efficiency or weakness and help in its development. We must give the Federal Reserve Board the sympathy of this great Association, he said, and make them feel that the business men of the country have the utmost confidence in their patriotic attitude.

As to the new commission, the Federal Trade Commission, Mr. Tregoe declared, if it means a better understanding of business, means we are to have constructive work, the Association is with it heart and soul, to extend its sympathy and support and help in the proper direction of its affairs. He called upon his hearers to let their attitude be one of watchful waiting, but of progressive co-operation and earnest desire to help the commission in everything they might originate for the betterment of business.

Cleveland.

John J. Arnold, vice-president of the First National Bank of Chicago, was the speaker at the meeting of the Cleveland association, held January 25th, his subject being, "Our domestic and foreign relations." Mr. Arnold said that for the past twenty-five years, through his daily occupation, he has studied international affairs and endeavored to grasp the meaning of world movements from the standpoint of America. A thing which impresses more than anything else, he said, is the fact that no man can live unto himself, a statement which applies not only to relations domestic but to relations international, and any nation which would undertake to isolate itself from the rest of the world takes a great step toward retrogression.

Mr. Arnold pointed out that if this country expects to develop trade with the neutral countries of the world as well as those nations now at war, we must create a demand for peace trade commodities. American manufacturers, he said, are accepting long time contracts for munitions of war from Europe, which make it necessary to convert factories which formerly manufactured peace trade commodities, into munition plants. The weak point here, he said, is that while American manufacturers are working to capacity on munitions, the nations of Europe through their manufacturers are creating a demand for commodities which will be needed after the present war is over. By placing long-time contracts for munitions in this country the manufacturers of Europe are able to devote their time and energies to peace trade commodities and the American manufacturer is prevented from acquiring peace trade because he is simply swamped with munitions orders.

Dallas.

The January meeting of the Dallas Association of Credit Men was a get-together for the purpose of promoting acquaintanceship among the members. There was a good attendance and the meeting fulfilled well its purpose. There was a discussion of the importance of preserving envelopes in which financial statements are received through the mails. The secretary pointed out how greatly proof in fraud cases is simplified if the envelope in which a false statement is mailed can be introduced.

Detroit.

At the monthly meeting of the Detroit Association of Credit Men, held January 18th, a discussion was had of the very practical subject, "Is a strict adherence to sales terms and discounts good business?" Several members participated, bringing out many helpful suggestions, the general conclusion being that sales terms should be rigidly enforced.

The discussion was followed by an address by Frederick B. Stevens, upon "Credits and Collections." He held the very closest attention of the membership, as he set forth the points of a good collection letter and illustrated what he meant by the judicious extension of credits.

Fort Worth.

The principal speakers at the meeting of the Ft. Worth Association of Credit Men of January 19th were Vernon Hall, president of the Dallas association; J. G. Davis, of Dallas, a director of the National Association, and Lewis J. Wortham, of Ft. Worth.

The importance of co-operation among the credit men of America to the end that the standard of credit might be raised, both for the protection of business interests at large and to lessen the cost of the product to the ultimate consumer, were the principal points of discussion.

Mr. Davis brought out the necessity of preparing for the new régime in the world of business when the warring nations shall have recovered from the present conflict. He also emphasized the need of co-operation, declaring that the ordinary highwayman robs you of your pocket-knife and pocket-change, and the law gives you a right to shoot him down, but the new highwayman comes along with a forged financial statement, gets hundreds of dollars worth of goods and knows he will never pay for it. Mr. Davis advocated the substitution of trade acceptance for open account in dealings between jobber and retailer, the support of the national investigation and prosecution fund, the passage of the false statement and bad-check bills in Texas, and above all the co-operation of credit men to fight professional crooks.

Indianapolis.

The intricacies of insurance policies and the clauses they contain, especially the co-insurance clause, were explained by John C. Milnor at the bi-weekly luncheon of the Indianapolis association, January 21st. Mr. Milnor showed how important it is that the insured know the terms of his policy and make certain that they apply to the conditions of his risk.

Aaron Wolfson, as chairman of the "On to Pittsburgh" committee, outlined his plans to take a sufficient delegation of Indianapolis business men to Pittsburgh to impress upon the convention that Indianapolis is the place to hold the 1918 annual meeting.

President Meek announced that the membership of the Indianapolis association is now 201, which means an increase of 50 in the last few weeks. He declared that efforts are to continue until there are three-hundred concerns enrolled in the association.

Lincoln.

The Lincoln Association of Credit Men, at its annual meeting, held in January, re-elected its officers for the ensuing year, E. W. Nelson as president, H. R. Kelso, vice-president, and H. T. Folsom, secretary and treasurer. In his annual report, President Nelson declared that the association had a right to feel that a distinct improvement is being made in the credit conscience of the buying public, both wholesale and retail, and that a better understanding and closer fellowship and co-operation had been established between the members of the association. The year, he said, closes with a deeper feeling of respect among the members for each other and a greater willingness to work for common benefits.

Mr. Nelson referred also in his report to the fact that a large number of Lincoln firms had become members of the credit interchange bureau, operated jointly by the merchants of Omaha and Lincoln, and further that a large number had co-operated with the credit grantors of Omaha and Council Bluffs in the formation of the Mid-West Jobbers Adjustment Bureau, both of which bureaus, he said, were proving helpful to the members and worthy of the support of the business men of these sections.

Little Rock.

Secretary Tregoe, of the National Association, met the members of the Little Rock Association of Credit Men, January 22d, when he discussed with them the advantages to be gained in the handling of com-

mercial credits through affiliation with the National Association. There were thirty of Little Rock's leading business men present. They promised to take up the reorganization of a local association at an early date.

Los Angeles.

Members of the Los Angeles Association of Credit Men had at their January meeting a pleasant surprise in a visit from Fred R. Salisbury, former president of the National Association of Credit Men and one of its directors. Mr. Salisbury addressed the meeting upon the subject of the "National Prosecution Fund," urging Los Angeles to do its part in making certain the success of the national movement for the investigation and prosecution of fraud.

G. I. Cochran, president of the Pacific Mutual Life Insurance Company, spoke on interesting phases of life insurance; Louis M. Cole, formerly president of the Los Angeles Chamber of Commerce on, "What the chamber of commerce has done for Los Angeles," and E. Judah of the Merchants' and Manufacturers' Association on effective work done by his organization. Henry Louis struck a responsive chord when he laid down what he believed is the service credit grantors owe the mercantile agencies. He insisted that particular stress should be laid in every concern upon the prompt answering of trade inquiries, letting them be not allowed to lay on the desk unanswered for two or three days.

Louisville.

The annual meeting of the Louisville Credit Men's Association, held January 26th, was "Presidents' Night," when the presidents of more than one hundred concerns which are members of the association, were present. Frank M. Gettys was the principal speaker, his subject being "Trade acceptances." He described the custom of European merchants whereby merchants' accounts are made negotiable through acceptances. He expressed a favorable opinion upon the movement and declared that the majority of the bankers of the country believed in it, though probably the present generation is not ready for so radical a change. Mr. Gettys said that the first step in the direction of the acceptance will be to abolish the cash discount system and to place sales terms on a net basis.

Another speaker was R. M. Bean, chairman of the investigation and prosecution committee, who presented a plan for the raising of a prosecution fund. William E. Ross spoke on the "Sale of accounts receivable," pointing out how dangerous it is for a concern to get into the habit of hypothecating its open accounts and how heavy a tax it imposes upon its business in doing so.

Memphis.

Secretary Tregoe, of the National Association, was the guest of the Memphis association at its January meeting, when he urged his hearers not to worry so much about the inadequacy of the bankruptcy law, but instead to increase their efficiency as credit men so greatly that bankruptcy laws will have less and less interest for them. Mr. Tregoe urged the necessity of reading and studying commercial history with a view to learning what has gone before in order that we know what is to come hereafter, to become so familiar with the trend of events that one can discern the first sign of the coming storm-cloud and reef his sails accordingly.

Another speaker was Herbert F. Fisher, United States district attorney, whose theme was the "Fraudulent Use of the United States Mail." He cited several instances of fraud perpetrated to obtain credit and made clear just what the federal courts had held to be fraudulent use of the mails. He said that the criminality of the defendant does not rest upon the probabilities of the success of the scheme or upon the fact of success, nor is it avoided by the fact that the act of using the mails is only one step in a series of acts intended to accomplish the fraudulent scheme; that it is enough that the defendant, having devised a scheme to defraud,

in the execution of that scheme and as a necessary or convenient step in its execution transmits through the post-office a letter used, or designed to be used, for the purpose of carrying that scheme into effect.

To make out an offense under the term "fraudulent use of the mails," three matters of fact, he pointed out, must be charged in the indictment and established by the proof:

First: That a scheme or artifice to defraud had been devised by the defendant.

Second: That such scheme or artifice to defraud was to be effected by correspondence with another person by means of the post-office, or by inciting such other person to open communication with the defendant.

Third: That for the purpose of executing such a scheme or artifice, or attempting so to do, the defendant placed a letter or packet in the post-office of the United States or had taken or received a letter or packet therefrom.

H. M. Cottrell, manager of the farm development bureau of the Business Men's Club, warned the business men of Memphis to expect a return of conditions which had always existed in the South up to last year unless they insisted that the country merchants hold the farmers in check and make them raise foodstuffs. "The present high price of cottonseed," he said, "had stampeded the farmers and they have gone back to the production of cotton to the exclusion of feed crops, the supply merchants urging the farmers so to do."

"The broader business men," he said, "must hold the supply men in check, else the South will recede from the advanced position it took during the year 1915, when, for the first time, it produced enough not only to feed itself, but to have a surplus beside."

Milwaukee.

The Milwaukee Association of Credit Men gave a banquet January 17th, bringing to a close the day's sessions of the conference of credit men of Wisconsin. The leading address was made by Secretary Tregoe of the National Association, who pleaded with the credit men of the nation to lead the way in the stand for character, which should never permit dollars to be placed above principles.

He declared that the National Association had emphasized the three great things that the receiver of credit must have—character, capacity and capital, but his message to the credit man himself was that he must possess the three c's of credit granting—capacity, co-operation and cleanness—meaning by capacity an understanding of the tools with which the credit grantor must work, by co-operation, the working together of credit men in securing the information needed in granting credit and in the settling of involved and insolvent estates, and by cleanness, the high minded effort to deal fairly and squarely day by day with the fellow credit grantor and with customers.

Another speaker was William George Bruce, who spoke on "American Leadership," which has been brought about by war conditions, but shall continue only as the American business man stands for business honor and integrity, a model for the entire world so far as business methods are concerned, and the champion of high standards not only for ingenuity and enterprise, but also for equity and justice that inspires confidence.

S. J. Whitlock of Chicago, a director of the National Association, urged credit education work among the retail trade and among the younger credit men.

F. B. McCausland of Wichita, another National Association director, told of the school of merchandising which is held annually in his city, and Walter Wright, the secretary of the Salt Lake City association, appealed to his fellow credit men to give greater help to referees in bankruptcy and to attorneys in settling bankruptcy estates.

There was a brief message also given by John F. Harper, referee in bankruptcy, who asked the credit men of the nation to co-operate in enforcing the bankruptcy law by participating in the election of trustees

and then helping the trustees in handling bankrupt estates. He urged also the necessity of amendments to exemption statutes and if possible the substitution of one uniform exemption statute for the confusion of statutes to-day.

Minneapolis.

At the meeting of the Minneapolis Association of Credit Men, held January 18th, Fred J. Hopkins, of Janney-Semple-Hill Company, spoke on the subject "Analyzing a Financial Statement." He illustrated his talk by presenting several statements which had come to him in the course of his work and pointed out how in many instances credit had been refused where it should have been granted and granted where it should have been refused.

Another speaker was D. J. Craig, of the Rogers Lumber Company, whose subject was "Efficiency in the Credit Department."

Newark.

It was a clever notice of meeting and invitation to members that the Newark Association of Credit Men issued for its January 27th meeting. It had every appearance of a mercantile agency report, even to the flimsy paper upon which such reports reach the credit man's desk. It read as follows:

Please note NAME and BUSINESS of SPEAKERS who will address our meeting.

BRADY, CHARLES, Manager, THE MERCANTILE AGENCY,
R. G. DUN & CO.

He has been connected with the Dun Agency for the last 25 years. When he undertakes to speak on the "Origin and Purpose of the Mercantile Agency," before the Newark Association of Credit Men at their Mid-Winter Dinner Meeting at the Down Town Club, on January 27th, it is safe to say that our members will appreciate the opportunity to get important facts at first hand from a man who knows what he is talking about.

BALL, ROBERT J., SUPERINTENDENT, THE BRADSTREET CO.

He is well known to credit men in this field and can always be depended upon to "start something." The subject of his talk will be "Uses and Abuses of the Mercantile Agency." No credit man can afford to miss hearing Mr. Ball on this topic.

GENERAL INFORMATION.

The Mid-Winter Dinner Meeting will be held at the Down Town Club, Thursday evening, January 27th. It promises to be a great meeting.

Mr. Frederick P. Crane, Chairman of the Business Meetings Committee of the Newark Association of Credit Men, has arranged a unique feature for this meeting; the first joint appearance on any platform of the two well known members of our Association named above. Mr. Crane has "put over" some great stunts as chairman of his committee. He was the instigator of the "Signed Statement" discussion held at a former Mid-Winter Meeting. Our members have not forgotten it. He was the arch-conspirator in smuggling Ex-Congressman Dillon into our annual banquet in December last. Look out for him at the coming meeting.

LATER.

The Down Town Club steward has promised to spread himself on the Dollar Dinner to be served on January 27th. Ever since our Association inaugurated evening meetings at the Down Town Club, that Club has become a popular place for such meetings. Hence the Club has a warm place in its heart for our Association for setting the fashion, and likes to make things pleasant for us when we go there.

ANNUAL REPORTS.

The annual reports of the officers of the Association will be presented at this meeting. The officers have promised that these reports shall not be dry; but if any of our members find them so, the Down Town Club is stocked with antidotes for that "dry" feeling.

NOTICE TO MEMBERS.

Please use the enclosed blank for making reservations for the Dinner and mail to Secretary Harry I. Hunt, 671 Broad Street, as soon as possible, accompanied by check. Tickets are \$1 each. This meeting will undoubtedly be well attended and early reservations are therefore earnestly requested.

Newark, N. J., January 17th, 1916.

New Orleans.

Secretary Tregoe was the guest of honor at a banquet given by the New Orleans Credit Men's Association last month, when over one hundred and fifty members were present to greet him. Following his address upon the work of the National Association, Secretary Bartlette of the local organization, stated that the board of directors, in conjunction with Tulane University College of Commerce and Business Administration, had arranged for a series of lectures extending over the balance of the winter and into the spring months.

He was followed by President M. A. Aldrich, dean of Tulane University, who went into the efforts the university is exerting to prepare men for broader business life.

New York.

The New York Credit Men's Association held the largest dinner and meeting in its history January 25th, having among its guests Thomas R. Gore, United States Senator from Oklahoma, Edward Swann, district attorney of New York and Paul M. Warburg, chairman of the Federal Reserve Board.

In speaking on the subject "Efficient co-operation against commercial fraud," Mr. Swan told how he had established in his office a bureau of commercial frauds, for the purpose of assisting the honest man in business whom the dishonest were seeking to defraud. He promised that all proper complaints received by the bureau from the New York association would receive due consideration, that while the bureau could not handle all frauds and would not usurp the jurisdiction of the city magistrate, it would handle what might be called systematic frauds, difficult cases whose ramifications are great and so complicated as to require expert accountants and men versed in commercial transactions. He said the day has come when business men are dealing better and fairer with each other than ever, the general rule being to give everyone a square deal, and so men who do not live up to such standards must be held to more strict accountability than formerly.

Mr. Warburg's address was heard with keen interest, especially as he had much to say as to what is likely to happen in the economic world at the conclusion of Europe's titanic struggle. It will probably fall to us, he said, to finance the belligerent nations at the conclusion of the war, at least to a certain extent and for a considerable time, but there is danger, he said, that the new business which has come as a result of the extraordinary conditions abroad may mislead us into building an expansive credit structure upon an unstable condition of shifting gold, some of which we may not be able to hold permanently, and a heavy industrial structure upon the basis of ephemeral demands. Abnormal conditions, he said, have for the present prevented the power of interest rates to direct the flow of gold, but soon normal laws of economics will again assert themselves and we must expect that, owing to the inflation of currency created in almost every country involved in the war, the demand for our gold will be keen and determined so that we

shall have to part with large sums. We must, however, so direct our course as to be able to control the outflow and see that it takes form without creating disturbances in our own economic life. He warned also that we must take the utmost care not to destroy at this time the basis of our future lending power, and whatever foreign loans we make during the war must be of reasonably short maturity so that we may keep control of our gold in case we should later wish to have it at our call.

He commended the banks as having acted wisely up to the present for they have been holding strong reserves and must continue to do so even though there be increased demand for loans.

Senator Gore presented a remarkable address on the general subject of credit, comparing credit to electricity and describing it as the electricity of business. Electricity is a force, he said, so deft that it operates the most delicate instruments, a force so tremendous and universal that it holds the fixed stars in their places, and credit is so silent, so subtle, so unsubstantial, so unnoticeable, a force so slight that it applies for the smallest transactions on the retail counter and a force sufficient to finance nations distraught with blood and war.

President Koelsch, in his brief address, asked for the co-operation of the members this year particularly in the development of the investigation and prosecution work which had been recently undertaken.

Norfolk.

Henry G. Barbee has been president of the Norfolk-Tidewater Association of Credit Men since its organization in 1908. The members felt that it was time to express their appreciation of Mr. Barbee and the able manner in which he had directed the affairs of the association and had made it one of the important factors in the business life of Norfolk.

Therefore, at one of the January noon day luncheons, Mr. Barbee was presented with a chest of solid silver of Fairfax pattern, something which would be useful not only to Mr. Barbee but to Mrs. Barbee, who had been gracious enough to permit her husband to devote his time so unsparingly to the organization.

The presentation was made by J. E. Pearson, Jr., vice-president, after which the chaplain of the association, Rev. Sparks W. Melton, spoke in the highest commendation of Mr. Barbee's service, not only to the local association but to the city of his adoption and the church of which he is a member.

At the noonday meeting of the Norfolk-Tidewater Association of Credit Men, held January 19th, G. Benson Ferebee spoke on co-operation, after which the legislative committee asked consideration of the model bulk-sales bill now before the legislature. The committee reported that with the assistance of the National Association all the local associations of Virginia are making a strong fight in favor of the new bulk-sales law, the purpose of the bill being to make the purchase in bulk a trustee in behalf of creditors as in the Michigan statute.

Philadelphia.

Representative R. W. Austin, of Tennessee, was the principal speaker at the meeting of the Philadelphia Association of Credit Men of January. In opening his address he declared that what Congress and the nation need is more business men and fewer politicians in control of affairs. American industries, he said, demand the protection of a tariff law which will prohibit the flooding of this country with products of cheap foreign labor, and while industrial plants of the nation are now supplying the demands of nations at war, the future would make certain the need of protection for every article manufactured here.

Another speaker was Dr. Walter E. Lee, who served with the American Ambulance in Paris for six months. He described his experience in treating war victims and illustrated his talk with the stereopticon.

Pittsburgh.

The importance of a square deal among members as to credit ratings was the central theme of a discussion at the annual dinner of the credit exchange bureau of the Pittsburgh association, held January 24th. It was evident that the feeling was that a few members of the bureau had been "holding out" information which was important to other members and the sentiment was that this worked wrongs which must be brought home to those who were responsible for the offences.

Portland.

At the January meeting of the Portland association, Robert S. Farrell, member of the Oregon senate, spoke on the remarkable evolution which had taken place in the extension of credit granting in modern business. He said that the credit business closely resembles the work in legislative halls, as regards the spirit of co-operation that must exist in the two departments. He declared that he would hold himself, either as a legislator or private citizen, ready at all times to represent the Portland Association of Credit Men in its efforts to secure better credit conditions.

Another speaker was A. King Wilson of the Portland bar, whose subject was the bankruptcy act. He introduced his subject historically, and then, coming to the bankruptcy law in this country, declared that a uniform federal law was far preferable to insolvency laws in each state, and that while the federal act was susceptible of improvement and the administration is not perfect, we should seek not for the repeal of the law but for its improvement.

J. C. Stanton, chairman of the business literature committee, urged the establishment of a circulating library on credit subjects for the benefit of the members.

Another speaker was J. A. Jamieson, chairman of the fire insurance committee, who made a protest against what he believed is the unwarranted raising of fire insurance rates for Portland, this in the face of the good work which has been done for many years by the Portland association in supporting the fire marshal in his successful effort to reduce the fire loss. A resolution was unanimously adopted, calling the attention of the fire insurance companies to the consistent effort which the business men of Portland had been making for reduction of fire waste, to the fact that losses had been cut down for 1915 in the sum of over \$400,000, and that authorities in city and state were working for better fire prevention.

Providence.

Charles T. Paye of North Attleboro led in a discussion on the subject of, "How shall we handle a customer who habitually abuses and violates sales terms?" at a luncheon of the Providence association, held January 11th. Mr. Paye declared that rivalry between manufacturers and production in excess of consumption result in the abuse of sales terms, everything being subordinated to the making of sales.

The credit department is often found dominated, he said, by the sales department; and the sales manager directs the sale of goods to a company which abuses sales terms until the credit department reports insolvency. We go on allowing abuses, he said, and violations simply because our competitors do and we make terms expecting them to be abused and accept orders from a buyer who violates the terms, because we must keep our employees busy and our sales in excess of those of the last year.

The real work for correction, Mr. Paye said, must rest with the large manufacturers and merchants. Organizations can help, trade papers can do their part, but the real remedy lies with the influential business men. Until they write on their bill heads and checks that they will not allow abuse of sales terms, violations will go on. The question, Mr. Paye said, also will be settled by the buyers, for every

manufacturer is a buyer and may be led to approach the question from that end also.

Dr. G. T. Swarts, secretary of the state board of health of Rhode Island, gave a health talk to the members of the Providence association at the noon day luncheon of January 25th. He asked them if they lived up to the most perfect, yet simple hygienic rules, which would give them an A 1 rating in the physiological Dun or Bradstreets. The sizing up of a fellow customer, his bank account, watching out against forgetfulness to pay his accounts, studying his personal appearance and getting a line on his flyers in stocks, load considerable responsibility upon the credit man and there is necessarily much wear and tear on the nerves unconscious though it may be, until another fellow has to take the job for keeps.

Dr. Swarts called attention to the recent lapses of life of some prominent, valuable business men, who seemingly died suddenly, but really had worked their "kinetic drive" to the limit by attempting to accomplish innumerable problems in a limited space of time, thus overtaxing their nerve cells to the point of minimum resistance of the system against disease. He cited the statistics which show a steady increase of mortality among citizens of the United States, the large increase being among men from twenty to fifty years of age from diseases of the brain, circulatory system and kidneys, mostly men who are carrying heavy mental burdens or members of the laboring classes who are using their muscular system in a manner which utilizes all of the food introduced into the body.

Dr. Swarts advised that the ills of business could be met by simple attention to personal equilibrium, by regular meals, systematic exercise, attention to the calls of nature, and relaxation in a genuine vacation, and intermediate recreation of some sort always. He advised strongly the importance of a thorough examination at the hands of a physician once a year, which would mean for the average man, he said, the assurance that he would live a little longer.

Roanoke.

At the January meeting of the Roanoke Association of Credit Men, Edward F. Sheffey, of Lynchburg, a director of the National Association, spoke on the work of the national organization, and told how it had worked for better laws and what it had done to bring about sincere co-operation between business men of the country. Its work also in connection with the banking and currency reform, Mr. Sheffey particularly brought out, and in passing told of a conversation he had with Carter Glass, of Lynchburg, one of the authors of the Federal Reserve Act, when Mr. Glass told him that the National Association of Credit Men had rendered him more valuable service in the preparation and adoption of the act than any other organization.

Mr. Sheffey also referred to the investigation and prosecution department and urged the members of Roanoke to get behind the movement for a national fund. Many a thief, he said, knowing that a concern is a member of the National Association and that it is equipped to follow him to the ends of the world if need be should he defraud his creditors, will hesitate before he asks credit of such a concern.

Another speaker was Mayor C. M. Broun, who spoke on the importance of business men organizing for truth in trade.

President Moore called upon the members to lend their support to the Virginia legislative committee, which is working for a substitute bulk-sales law, for a bill to raise the jurisdiction of justices of the peace in Virginia to \$300, and for the uniform false-statement law.

St. Louis.

The St. Louis Association of Credit Men held a largely attended meeting January 20th, when the members were addressed by W. B. Harrison, vice-president and active head of the St. Louis Cattle Loan

Company. Mr. Harrison told about industrial conditions in Oklahoma, where he had previously acted as secretary of the Oklahoma Bankers' Association. He said that while Oklahoma had suffered greatly during the summer and fall of 1911, because of the prolonged drought, excellent conditions prevailed now because, through the education of the people, diversified farming had been introduced, and again there had been an expansion in other lines than agriculture through the discovery of large quantities of coal and other minerals, and wonderful flows of oil in newly discovered oil regions.

Another speaker was the Rev. William A. Dames, who made an eloquent address on the subject of "The character of man and the opportunities of life."

J. W. Chilton, who had just returned from a two days' conference of the credit exchange bureau managers of the National Association of Credit Men, told of the progress of the central credit exchange bureau, with headquarters at St. Louis. He said that in order to care for the central bureau, the floor space occupied by the local Association would have to be doubled, for copies of every credit report issued by each of the sixty-three interchange bureaus in sixty-three cities of the country were to be received at St. Louis. The result will be, he said, that if a Columbia, Mo., merchant buys in St. Louis, Kansas City and Chicago, his record at all points will be immediately recorded in the central bureau file. The reports will show how much the Columbia merchant owes, and how he pays his bills. He declared that this bureau will prove particularly important to St. Louis wholesale dealers, as they can get the combined experience of several markets on each of their customers within a few minutes, while wholesale dealers in other cities will be compelled to wait from two days to more than a week to get the same information by mail from St. Louis.

A brief general statement was made as to the function of the domestic bill of exchange or trade acceptance, after which Frank H. Littlefield, editor of the "Drygoodsman," in a clear, brief address, outlined the advantage of securing domestic bills of exchange in settlement of bills of merchandise, instead of entering the account upon the ledger and carrying it from sixty to ninety days.

St. Joseph.

At the annual meeting of the St. Joseph association held January 11th, W. A. Master of the John S. Brittain Dry Goods Company was elected president; F. L. Hanush of the Battreall Shoe Co., vice-president; M. A. Myers of the Wyeth Hardware & Manufacturing Company, secretary; R. R. Calkins of the German American National Bank, treasurer.

The meeting was made specially interesting and instructive by reason of the presence of C. E. Vandel and M. L. Orear of the Kansas City association. Mr. Vandel gave the members much to think about in a discussion of the best methods of injecting life and enthusiasm into the credit men's association. During the course of his talk he gave the history of the building up of the National Association of Credit Men and the broad line of activities which the Association had pursued since getting into the active commercial field. Mr. Orear followed Mr. Vandel with a discussion of interchange and adjustment bureau service.

Another speaker was George W. Groves, whose subject was "The Bankruptcy Law, Past and Future." He pointed out many objectionable features to the present law, but expressed the opinion that most of them would be overcome satisfactorily if the merchants would but do the part which they are called upon to do under the law.

St. Paul.

Fire prevention was the subject of general discussion at the meeting of the St. Paul Association of Credit Men held last month, when R. W. Hargadine, state fire marshal, set out in a most interesting address the many activities of his department, and the possibilities for the good of the commonwealth which will come from the co-operation of the business men of the state to reduce fire losses. Mr. Hargadine admitted

that we are still far from solving the problem of efficiently reducing fire waste, that a comprehensive campaign of education must go on for many years, until generations of men had been sufficiently impressed with the needlessness of fire losses.

An insight into modern systems of retail accounting was given the members by H. M. Temple, certified public accountant, who illustrated his talk with lantern slides.

F. C. Stevens, a former representative to Congress, whose service on the Military Posts Committee qualified him to speak upon national defense, discussed "Preparedness." The grounds for supporting a moderate program of military and naval increase were shown to be sound. He declared that preparedness on a sane basis would not lead to a desire for conquest or an eagerness for war, but would rather prevent both. Further, he insisted, preparedness along sane lines would not involve a burdensome expense.

Seattle.

The Seattle association brought out some unexpected talent from among its members, at its recent "Stunt Meeting." No one thought that among the astute, serious minded credit men of the city would be found the light and mirthful strain which prevailed throughout the entire program.

J. W. Spangler, the association's famous baritone, opened the program with an original parody, written by Carl A. Bryant and set to the tune of "Drink to Me Only With Thine Eyes"; S. A. Rosenfeld, as Professor Nutt, cleverly set forth the characteristics of such shining association lights as A. G. Foster, C. A. Philbrick, D. K. Rich and W. E. Slater, making each of them agree that his reading of inclinations and habits of mind was absolutely correct.

C. A. Giblin, all "dolled up," recited in regular school-boy fashion, holding the audience in painful tenseness as he declaimed in eloquence such as one hears only in melodrama. H. S. Gaunce sermonized on "He Shaved and Then Went Out." Mr. Gaunce's make-up as the Rev. Dr. Gaunce was so realistic that old-time members insisted he had missed his calling.

Professor W. E. Slater, accompanied by Miss Sadie Lightfoot, known in ordinary life as W. W. Warner of H. J. Heinz Co., demonstrated the new dances very acceptably. A creditors' meeting of Ima Fox closed the meeting. H. F. Potter impersonated Ima Fox and was the shining light of the last half of the evening's performance.

"Stunt Night" had indeed proved a great success.

Sioux City.

At the January meeting of the Sioux City association R. B. Comstock, of Tolerton & Warfield, was elected president; D. B. Henderson, of Haley-Neeley Co., vice-president; W. F. Teter, of Ehlerman Bros. Co., secretary; and P. G. Hicks, of Curtis Sash & Door Co., treasurer.

President Comstock announced that the association had been successful in securing, to take charge of the adjustment bureau, Kenneth G. Silliman, who is to devote all his time to the association work, and to apply to the building up of the bureau the excellent experience and knowledge which he had acquired in the practice of commercial law.

Springfield.

With a view to doing its part in improving the credit laws of Massachusetts, the Springfield Association of Credit Men at its January meeting discussed the so-called worthless check law, and the uniform false statement act.

There was present at the meeting to explain these measures, Wilbur F. Beale, vice-president of the Dorchester Trust Company of Boston, chairman of the legislative committee of the National Association in Massachusetts.

Mr. Beale showed why the law in Massachusetts is insufficient in providing penalties for making false statements with the expectation

that they will be relied upon for credit extensions. There is no law, he declared, that punishes the giving of worthless checks in order to obtain money or property; that is, checks against insufficient bank deposits.

Mr. Beale said that the members of the Boston Association of Credit Men were cordially supporting both measures and that other business organizations were to be invited to assist. At the conclusion of the discussion, in which Mr. Beale was asked many questions, the Springfield association went on record as in favor of the proposed law.

Syracuse.

Fire prevention and its importance in relation to the financial credit of individuals and corporations was the subject of the meeting of the Syracuse association, held January 24th. The meeting was in charge of Martin H. Doherty, chairman of the association's committee on insurance.

One of the speakers was S. T. Friedrich, deputy commissioner of public safety. He appealed to the business men of the city for their co-operation in improving fire conditions in Syracuse. He showed how the commission of public safety does its work and the results thereof in reducing the number of fires. Special attention, he said, was naturally given to hotels, places of amusement, stables, garages and dry-cleaning establishments and to the making of a safer and saner the Fourth of July.

Ralph G. Potter, secretary of the Underwriters' Association, said that the fire department should have facilities to do more than simply extinguish fire and then guard what is left of the building; that it should be in a position to uncover crooked work and responsibility should be not up to the fire insurance agents, but to the city authorities.

Other addresses were made by Lawrence Daw, chief engineer of the Underwriters' Association; Frederick V. Bruns, Arthur M. Paddon, Frank E. Jenkins and Howard Jarvis, all prominent in insurance circles in Syracuse.

Utica.

Ernest E. Ling, manager of the foreign trade department of the National City Bank, New York, gave the members of the Utica Association of Credit Men an interesting and profitable evening January 14th when he spoke of "America's Opportunities in the Foreign Field." There had been invited to the banquet also members of the Utica Chapter of the American Institute of Banking and they responded largely.

Mr. Ling reviewed the trade conditions of the United States, pointing out that this country in less than a year had changed from a debtor to a creditor nation, that our exports in the year just ended had exceeded imports by \$1,750,000,000, and there had been a balance of trade in the country's favor about two and one-half times as great as in any year prior to 1915. A large part of the export increase, he said, consists of munitions of war, and the orders which have come to us have been without competition and at high prices and not with much criticism as to quality, so that we can not, he declared, look upon ourselves as having established a normal foreign trade. Indeed, the transactions of the past few months he felt might have a tendency to unfit us for further competition and hence our duty would be to prepare to compete in a fair field with no undue favor, finding and recognizing our deficiencies and bending every effort to right them.

Mr. Ling outlined what foreign nations are doing even now in the height of conflict to retain or increase foreign trade. He showed how the United States is increasing her domestic trade, building it up to a value in 1915 of about \$40,000,000,000, while the value of the merchandise forming the international trade of the whole world, including that of the United States was, in 1913, \$20,000,000,000.

Mr. Ling declared that as in the past the lean year is to come again and the fundamental advantage of having a foreign market will again be generally recognized. And yet, he said, there is no royal road

to the securing of foreign trade. It must be cultivated in the same way that domestic trade is cultivated, namely, by going after it. The handicap of lack of banking facilities, he said, had been removed by the passage of the Federal Reserve Act, permitting the establishment of branches in foreign countries and the financing of foreign transactions had been made easier by reason of rediscounting privilege given the Federal Reserve Banks in connection with acceptances growing out of foreign transactions.

Mr. Ling told how the National City Bank of New York had established six foreign branches in South America, which had given rise to an important volume of direct exchange transactions, the immediate effect of which is the establishment of dollar exchange upon a permanent basis. Under the existing conditions in the New York money market, he said, the use of dollar credits is proving very attractive to the American importer as a medium for financing his importations, for by using dollar credits the importer is saving in commission and in discount or interest from $3\frac{1}{2}$ to $3\frac{3}{4}$ per cent. per annum. With the development of the discount market in New York that city will be in a position to take its place as an international money market, which would mean not only an important economy, but by the use of the dollar credit in the liquidation of our purchases abroad will contribute materially to the commercial growth and financial prestige of the country.

Wichita.

At a meeting of the Wichita Association of Credit Men, held last month, Frank T. Ransom, president of the Union Stock Yards National Bank, outlined the financial situation particularly as regards the middle west. He expressed the opinion that the operation of the federal reserve system had tended to establish a feeling of confidence among bankers and business men, had removed the fear of sudden panic, and that as a result of these conditions and the amount of capital available the tendency was to lower interest rates on commercial lines.

Mr. Ransom, who had made frequent visits to the financial centers and talked with those who are in touch with conditions all over the country expressed optimism as to the future business of the country.

Worcester.

Secretary Ira G. Hoagland of the National Automatic Sprinkler Association gave members of the Worcester association a very informing address at the January meeting, which was in charge of the fire insurance committee.

He congratulated Worcester upon its splendid fire defense army, but warned that the maximum of effort from the fire department and the water supply should not be continually expected, as is the rule in Worcester, and in so many other cities. The proper way to reduce the constant menace of conflagration, he said, is to control fires when they begin and give full effectiveness to the water that is used in extinguishing fires.

Mr. Hoagland then spoke of the marked tendency to reduce fire insurance premium income in some large cities, owing to recent considerable increases in areas under automatic sprinkler protection. In the city of New York, he pointed out, reductions largely because of sprinkler protection of not less than \$5,000,000 are being made, and in thirty-three years as is estimated, sprinklers have saved the entire country in insurance rate reduction and fire losses averted and loss of life prevented, nearly \$3,000,000,000.

Fire chiefs all over the country, he said, are advocating sprinkler protection to reduce the conflagration hazard and to keep fire conditions in big-area buildings from getting beyond the reach of fire departments. He referred to the remark made by the chief engineer of the Worcester fire department, to the effect that he believed the city's fire loss would be reduced by 75 per cent. if there were a universal adoption of sprinklers.

M I S S I N G

In sending names to be inserted in the missing column be sure to give the former address and occupation of the parties whose whereabouts are sought.

The parties whose names appear in this list are reported missing. Any information regarding their whereabouts should be sent to the National office.

Barr, B. A., a commercial photographer, formerly of Perry, N. Y., and later of Lewiston, Pa.

Braverman, S., formerly of 44 Market St., Shamokin, Pa.

Bruno, Frank, formerly conducting a candy and cigar store at Coeur d'Alene, Idaho.

Buchanan, A. M., formerly in business at 3001 York St., Philadelphia, Pa. Capitol Specialty Company, formerly of 409 Third St., N. W., Washington, D. C.

Cattani & Gentilini, formerly of Stambaugh, Mich.

Chant, R. W., formerly of 1842 Seneca St., Buffalo, N. Y.

Cochran, C. T., & Co., formerly of West York, Ill.

Cohen, Harry, 599 Washington Ave., Brooklyn, N. Y.

Cookerly, Theodore B., formerly of Harvey, Ill.

Davidson, Joseph, formerly of 304 Jackson Ave., Jersey City, N. J.

Dorsheimer, J. G., an agricultural implement dealer and blacksmith, formerly of Elkader and Osborne, Iowa, supposed to be in New York.

Dykeman, Harry E., a painter and decorator, formerly of Kenwood, N. Y.

Elliot, D. G., formerly secretary-treasurer of the Sand Springs Machine Co., Sand Springs, Okla.

Furbush & Moran, two young men who formerly ran the Central Garage of Westboro, Mass. Furbush came from Lewistown, Me., and Moran was formerly of Westboro.

Gannon, C. H., formerly of Jacksonville, Fla. and Atlanta, Ga.

Garrett, W. H., formerly of Jameson, Tex., now supposed to be located somewhere in the vicinity of Lawton, Okla.

Hagaman, S. B., formerly proprietor of Prospect Garage of Ridgewood, N. J.

Home Equipment Co., 716 N. Negley Ave., Pittsburgh, Pa.

Howard, J. L., formerly of Little Rock, Ark.

Hungermillier, A., formerly a general store keeper at Ellicottville, N. Y.

Hutchinson, H. C., formerly in business at Herndon, Va., last known address at 26 West Franklin St., Hagerstown, Md., supposed to be working for the International Harvester Company.

Inscore, R. H., formerly in business at Rosemary, N. C., reported moved to Petersburg, Va., and from there to 13-15 W. Main St., Richmond, Va.

Karr, J., formerly of Castleton, Ill.

Kerwin Pharmacy, 49 Lawton St., New Rochelle, N. Y., proprietor Thomas P. Kerwin.

Klein, Louis H., formerly of Brooklyn, N. Y.

Koopman, H., formerly owning a restaurant in Asbury Park, N. J., now supposed to be engaged in the same business in Boston, Mass.

Lang, F. R., formerly in the sporting goods business and still thought to be in Cincinnati, O.

Laufer, D., also known as M. David, formerly located at 1006 N. Second St., Philadelphia, Pa.

Lewis, Alfred J., Jr., formerly in the restaurant business at Pulaski, Ill., later reported at Oblong and Carbondale, Ill.

Lewis, Marcell C., who formerly operated as the Dover Electric Company, 118 Dover St., Boston. He was supposed to be located at Revere, Mass., but letters addressed there came back.

Litzenberger, A. J., formerly of Lehighton, Pa.

McDonald, F. R., an auto repairer, formerly salesman for the King Motor Sales Co., Moberly, Mo.

- Martin Auto Equipment Co., Martin Sunshine, proprietor, formerly of 258 Broadway, New York. Martin Sunshine was formerly in business under his own name at 85 Chauncey St., Brooklyn.
- Motimer & Erickson, formerly in the grocery business at 3831 Finney Ave., St. Louis, Mo.
- Norman, E. L., formerly keeping a newsstand and acting as postmaster at Markham, Okla.
- Norrington, J. W., formerly of Hamburg, Ind.
- Parker, Charles B., formerly vice-president of the Sand Springs Machine Co., Sand Springs, Okla.
- Rich, Edwin, formerly of 636 Cambridge St., Cambridge, Mass., before that located at 262 Washington St., Boston, Mass.
- Shoemaker Co., H. Clay, formerly of 618 Sixth St., Washington, D. C.
- Solomon, Max, formerly of 11214 Superior Ave., Cleveland, where Mrs. Solomon conducted a hair goods business.
- Stone, B. F., a bottler, formerly of Mansfield, Mo. alleged to have gone to Joplin, Mo.
- Swope, George B., formerly president of the Sand Springs Machine Co., Sand Springs, Okla.
- Talley, J. W., formerly of 719 South Sixteenth St., Lincoln, Neb., working as a special salesman for Freer Brothers, Uehling, Dodge County, Neb.
- Warga, J. C., lately of Nebraska City, Neb., having conducted an electric supply business there.
- Wenger, F., who until November 15th, 1915, conducted a shoe business at Lima, Mansfield and St. Marys, Ohio. He was about 5 ft. 6 in. tall, weighed about 140 lbs., smooth face, light brown hair and light blue eyes, age about 38 years.
- Yearby, W. M., formerly employed by the Polk-Miller Drug Co., Richmond, Va.
- Young, Mrs. R., formerly of 17 East Fordham Road, New York, N. Y., who closed her shop about the latter part of December.

WANTS

EXPERIENCED AND SUCCESSFUL CREDIT MAN, now in central west, desires eastern connection, aged thirty-three, good health, clean record, at present employed. Salary reasonable. Address **ADVERTISEMENT NO. 11**, care National Association of Credit Men, 41 Park Row, New York, N. Y.

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 Texas, El Paso, S. W. DANIELS, Mgr., 35 City National Bank Bldg.
 Texas, Houston, F. G. MASQUELETTE, 1117 Union National Bank Bldg.
 Texas, San Antonio, HENRY A. HIRSHBERG, Mgr., Chamber of Commerce.
 Utah, Salt Lake City, WALTER WRIGHT, Mgr., 1411 Walker Bank Bldg.
 Virginia, Norfolk, SHELTON N. WOODARD, Mgr., 611 National Bank of Commerce Bldg.
 Virginia, Richmond, JO LANE STERN, Mgr., 905 Travelers Insurance Bldg.
 Washington, Seattle, L. H. MACOMBER, Mgr., Polson Bldg.
 Washington, Spokane, J. B. CAMPBELL, Mgr., 1124 Old National Bank Bldg.
 Washington, Tacoma, W. W. KEYES, Mgr., 802 Tacoma Bldg.
 West Virginia, Clarksburg, Central West Virginia Association of Credit Men, BERT EVANS, Secy., 410 Union Bank Bldg.
 West Virginia, Parkersburg, H. W. RUSSELL, Mgr., Rectory Bldg.
 West Virginia, Wheeling, J. E. SCHELLHASE, Mgr., 631 National Exchange Bank Bldg.
 Wisconsin, Green Bay, J. V. RORER, 129 South Washington St.
 Wisconsin, Milwaukee, S. FRED. WEITZLER, Mgr., 1405 First National Bank Bldg.
 Wisconsin, Oshkosh, CHAS. D. BREON, Mgr., 83 Monument Square.